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State Telework Policies

Although In-Office Work Has Benefits, a One-Size-Fits-All Approach to Telework Is Counter to State Policy and May Limit Opportunities for Significant Cost Savings

August 2025

REPORT 2024-118

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Grant Parks *State Auditor*

Mike Tilden *Chief Deputy*

August 12, 2025
2024-118

The Governor of California
President pro Tempore of the Senate
Speaker of the Assembly
State Capitol
Sacramento, California 95814

Dear Governor and Legislative Leaders:

As directed by the Joint Legislative Audit Committee (Audit Committee), my office conducted an audit of the rationales that informed changes that the Department of General Services (DGS), the California Department of Human Resources (CalHR), and other departments made to their telework policies. The Audit Committee further asked us to review the State's costs for maintaining office space for state employees in various telework or hybrid work arrangements. In general, we determined that a one-size-fits-all approach to telework is counter to state policy and may limit opportunities for significant cost savings.

The Governor's April 2024 directive and March 2025 executive order mandated that employees work in the office two and then four days per week, and they stated that these approaches would enhance certain benefits of in-person work. We evaluated the evidence the Governor cited to support his return-to-office directive and order and determined that they could have made better use of information about departments' office space needs or the associated costs of those space needs before directing state employees to work an increasing number of days per week in the office. Respondents to our surveys of state departments, managers, and staff—which we sent before the Governor's March 2025 order—reported that telework is effective and can benefit state departments and employees by lowering costs and improving recruitment and retention without negatively affecting productivity, collaboration, or service.

Based on the two-day in-office requirement from the April 2024 directive, we estimated that in fiscal year 2024–25, 19 selected departments spent almost $117 million on nearly 3.2 million square feet of office space that was often unused in the seven large state-owned office properties we reviewed. To the extent the state can reduce this unused office space, we concluded that telework can generate significant savings for the State when employees can telework three or more days per week. However, the State cannot realize these savings with a four-day in-office schedule, which the Governor's March 2025 executive order required.

My office also assessed the rationales behind changes that DGS, CalHR, and four other departments made to their telework policies and practices, and we found that only three of the six departments had partially evaluated their telework programs. However, DGS has not established criteria required by state law that would facilitate departments' evaluations of their telework programs. Ultimately, departments generally relied on intangible factors and direction from external entities when changing their telework practices.

Respectfully submitted,

Grant Parks

GRANT PARKS
California State Auditor

Selected Abbreviations Used in This Report

CalHR	California Department of Human Resources
CalPERS	California Public Employees’ Retirement System
Caltrans	California Department of Transportation
CARB	California Air Resources Board
CDT	California Department of Technology
CDTFA	California Department of Tax and Fee Administration
DGS	Department of General Services
DHCS	Department of Health Care Services
FTB	Franchise Tax Board
SAM	*State Administrative Manual*
SPB	State Personnel Board
SSA	Staff Services Analyst

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Summary

Key Findings and Recommendations

State law declares that telework can be an important means to reduce air pollution, traffic congestion, and the costs of commuting and that it can stimulate employee productivity and give workers more flexibility and control over their lives. In March 2020, the COVID-19 pandemic led to an emergency stay-at-home order that resulted in the increased adoption of telework by state agencies so that they could continue to provide government services while most individuals in California were required to remain at home. In April 2024 and March 2025, the Governor directed state departments to change their telework policies to require employees to work in the office for a minimum of two and then four days per week, respectively.[1] The Joint Legislative Audit Committee (Audit Committee) directed us to evaluate the rationales that informed changes that the Department of General Services (DGS), the Department of Human Resources (CalHR), and other departments made to statewide and department-level telework policies. The Audit Committee further asked us to review the State's costs for maintaining office space for state employees in various telework or hybrid work arrangements. Our audit found the following:

The Governor's Return-to-Office Order Could Have Made Better Use of Important Information Regarding Departments' Needs and Costs

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The Governor's April 2024 directive and March 2025 executive order requiring state employees to work more often in the office stated that this approach would enhance collaboration, cohesion, communication, mentorship, and accountability, among other factors they assert to be benefits of in-office work. We sought to evaluate the evidence cited by the Governor in support of these return-to-office mandates.

We found that the Governor's Office could have used available information about the effects of returning state employees to the office when making return-to-office mandates. Specifically, the Governor's Office did not gather some important information about departments' office space needs or the associated costs before directing state employees to work an increasing number of days per week in the office. The Governor's Office explained that through a combination of qualitative feedback and limited quantitative data, it weighed department-reported performance outcomes and cost savings associated with telework against concerns about long-term organizational culture, collaboration effectiveness, and the ability to onboard and mentor staff.

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[1] In late June 2025, the Governor's Office and several state employee unions came to an agreement to delay until July 2026 implementation of the March 2025 executive order for their union members.

When we asked the Governor's Office to provide the research it conducted or referenced, data it used, or any other information upon which it relied when developing its return-to-office orders, it provided us with two articles that support its claims about the benefits of in-office work. It did not provide us with data it may have used to inform its decisions, such as data specific to State of California employees, their job performance, or the level of service delivery that state agencies and departments provided. It also did not appear that the Governor's Office used valuable information that DGS collected from departments about their operations and experiences with telework to inform its April 2024 directive or March 2025 executive order. Further, the Governor's Office issued the executive order without determining beforehand the amount of office space needed to accommodate employees working in the office four days per week or the associated costs. We found that respondents to our surveys of state departments, as well as state managers and staff, believe that telework is effective and can benefit state departments and employees by lowering costs and the amount of needed office space and improving recruitment and retention without negatively affecting productivity, collaboration, or customer service.

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Telework Can Generate Significant Savings for the State in Office Costs, Provided That State Employees Telework Three or More Days per Week

According to the statewide telework policy, departments' telework programs should reduce the amount of required office space and generate savings for the State. However, when considering the hybrid telework requirement of two days of in-office work per week for state employees that was in place when we began this audit, we estimated that 19 selected departments in the seven large state-owned office properties we reviewed often left unused nearly 3.2 million square feet of office space—or about 58 percent of the office space allocated to these departments. We multiplied the amount of unused space in the buildings by the price per square foot for that space to estimate that the departments paid almost $117 million in fiscal year 2024–25 for this unused space.

Teleworking can generate significant savings in office space because it allows departments to reduce the number of workstations by implementing desk-sharing programs and therefore reduce needed square footage. However, these savings are not possible with a four-day in-office schedule, which the Governor's March 2025 executive order requires. If the State requires employees to work two days in the office, and thereby telework three days per week, DGS has estimated that it could reduce state-owned and leased office space by approximately 30 percent, which we estimate could generate annual cost savings of as much as $225 million. To reduce the State's office space footprint, the State could divest from or consolidate large state-owned office properties. However, the Governor's March 2025 executive order requiring in-office work four days per week would largely eliminate the potential for office space savings related to telework because state policy requires departments to provide dedicated workstations for all eligible employees who work in the office more than half of the week. In fact, the State may need to obtain additional office space to accommodate all employees who may eventually return to the office; however, as of June 2025, the State had not determined how much additional office space it would need to obtain.

Some of the Departments We Reviewed Partially Evaluated Their Telework Programs to Inform Their Past Return-to-Office Decisions

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The Audit Committee directed us in May 2024 to determine the reasons DGS, CalHR, and four additional auditor-selected departments—California Air Resources Board (CARB), California Public Employees' Retirement System (CalPERS), California Department of Transportation (Caltrans), and Franchise Tax Board (FTB)—made changes to their telework policies. State law requires each state agency to evaluate its telework program relative to criteria that DGS establishes. Although the statewide telework policy, which DGS issued, does not outline a process for departments to follow when evaluating their own telework programs, it does state that telework programs are expected to meet specified goals, such as encouraging employee participation and reducing state office space. However, DGS has not provided guidance for how state departments should evaluate their telework programs' performance or effectiveness in meeting these goals. Without guidance for how to determine the effectiveness of their telework programs, it is not surprising that only three of the six departments we reviewed partially evaluated their telework programs when making their past return-to-office decisions.

Specifically, we found that five of the six departments primarily based their decisions to return employees to the office before the Governor's April 2024 directive on intangible factors and external direction. For example, CARB explained that it made its decision to transition to hybrid telework in July 2021 because of value in having direct contact with staff and stakeholders and the ability to enhance employee experiences and growth. CalHR stated that the Secretary of the California Government Operations Agency (CalGovOps) verbally directed CalHR and other entities in the agency to require employees to work two days in the office, which CalHR implemented in January 2024. Further, of the six departments, only three collected information from their employees to better understand the challenges and benefits of telework, and two of those departments used that information to inform decisions related to telework.

DGS's Oversight of Telework Policies Was Effective

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DGS established a telework unit in fiscal year 2022–23 to review telework policies and perform oversight, which led to departments having telework policies that broadly aligned with the statewide telework policy. The telework unit helped departments develop their telework policies by providing technical assistance and guidance, and it created a public dashboard that displayed some of the positive effects of teleworking using data that state departments reported. DGS announced through its dashboard a savings of nearly 50 million commute miles and the avoidance of over 18,000 metric tons of carbon dioxide in December 2023 alone, the last month for which the dashboard published data. The telework unit helped to provide uniformity in telework practices across the State and amassed valuable information that decision-makers could have used to inform changes to telework policies. However, the Legislature ceased funding the unit in fiscal year 2024–25, and the unit no longer exists.

To address these findings, we recommend that if the Legislature would like to achieve cost savings for office space, it should amend state law to require departments to identify positions that can successfully telework three days per week and offer this level of telework to employees. The Legislature should then require these departments to reduce their overall office space usage, if prudent. Further, we recommend that DGS develop guidance for departments to follow when evaluating the effectiveness of their telework programs in meeting the goals listed in the statewide telework policy.

Agency Comments

DGS agreed to implement our recommendation. Because we did not make recommendations to CalHR, CalPERS, CARB, Caltrans, or FTB, we did not expect a response from them.

Introduction

Background

In March 2020, the COVID-19 pandemic (pandemic) led to state agencies' quick adoption of telework so they could continue to provide government services during the emergency stay-at-home order. The emergency order directed everyone living in California to stay home and made exceptions for only those workers needed to maintain the operations of critical infrastructure sectors. Before the pandemic, the State as an employer had made limited use of telework. State law addressing telework required every state agency to implement a telework plan by July 1995 in work areas in which telework was identified as being both practical and beneficial, although the law does not require the development of a statewide telework policy. The law also declares that telework can be an important means of reducing air pollution, traffic congestion, and commute costs while stimulating employee productivity and giving workers more flexibility in and control over their lives.

DGS's Role in Statewide Telework Policy and Space Management

State law first made DGS responsible for overseeing and supporting the State's telework programs in 1990. The text box describes DGS's telework responsibilities according to current state law. DGS sponsored an early telework research pilot project in 1987 that evaluated the successes and failures of telework across many state departments. By 1990, this pilot found that teleworker effectiveness met or exceeded expectations, that telework enhanced the quality of work life for workers, including those with disabilities, and that telework had significant potential for reducing traffic congestion, air pollution, and energy use. That same year, the Legislature passed a law relating to telecommuting—which we refer to as telework—that established DGS as responsible for overseeing and supporting telework. In 1994, the Legislature amended the statute to direct each agency to develop and implement a telework plan, with the option to follow guidelines DGS developed during the pilot study. Around this time, the World Wide Web entered into the public domain, and the State began developing electronic government, or "e-government," services through the internet in 2000. By 2005, the State began efforts to consolidate its datacenters and reassign some of departments' telecommunications responsibilities—including those of DGS—to what is now the California Department of Technology (CDT). However, DGS retained its responsibilities detailed in the telework law. In 2010, DGS published a model telework policy and procedural guide for state departments (2010 model telework policy) that established a framework to guide departments in drafting their individual telework policies.

DGS's Telework Responsibilities

- Establish a unit for the purpose of overseeing telework programs.
- Coordinate and facilitate the interagency exchange of information regarding the state's telework program.
- Develop and update policy, procedures, and guidelines to assist agencies in the planning and implementation of telework programs.
- Assist state agencies in requesting the siting of satellite workstations and develop procedures to track the needs of agencies and identify potential office locations.
- Establish criteria for evaluating the state's telework program.

Source: State law.

In May 2019, DGS initiated a telework modernization project to develop a formal statewide telework policy that would provide managers with tools and standardized processes for overseeing telework, ensure alignment and compliance across departments, and assist in policy implementation and knowledge transfer. DGS formed a workgroup in August 2019 with members from CalHR and CDT to create the telework policy. The workgroup solicited feedback from departments and unions to draft the telework policy.

In October 2021, DGS published the new statewide telework policy in the *State Administrative Manual* (SAM), as Figure 1 shows. That new policy required departments to establish or revise existing telework programs by October 2022. Among other requirements, the policy stated that departments must identify the employee positions eligible for telework; determine departments' financial, technological, and security responsibilities; and outline the goals of their telework programs. Whereas the 2021 telework policy *mandates* that departments establish telework programs, the 2010 model telework policy had only *encouraged* the use of telework.

In addition to maintaining the SAM and its telework responsibilities under state law, DGS is responsible for the management of over 19 million square feet of state-owned office space, in addition to nearly 14.7 million square feet of leased office space.[2] For context, data from April 2025 shows that the State owns over 62 million square feet of office space overall. The 2021 statewide telework policy's goals included the expectation that departments would reduce the amount of office space the State requires.

Timeline of DGS Real Estate Planning

2016 – Sequencing Plan (Sacramento)

2019 – Portfolio Plan (Non-Sacramento)

2023 – Real Estate Strategic Plan

2025 – Real Estate Portfolio Plan

Source: DGS planning documents.

In the past decade, DGS has regularly engaged in planning for and analysis of its portfolio of office properties, as the text box shows. DGS published a Ten-Year Sequencing Plan in 2016, establishing a plan for future renovation or replacement of state office buildings in Sacramento. DGS's 2019 Portfolio Plan provided an evaluation of the appropriateness of continued ownership of buildings outside Sacramento in places with less dense concentrations of state employees. The department's 2023 Real Estate Strategic Plan offered a consolidated statewide analysis, and its February 2025 Real Estate Portfolio Plan evaluates DGS's inventory of office buildings to determine where in California it makes financial sense for the State to own a building instead of leasing office space. According to the plan, DGS found that commercial leases are generally, though not always, more affordable than ownership over the long term. The 2025 plan incorporated telework into its analysis, including an assumption that state tenants at most properties could reduce their space by approximately 30 percent if they continued to allow up to three days of telework per week. The 2021 telework policy assumed that as departments continued to allow telework, the State could reduce the amount of office space that departments need over time.

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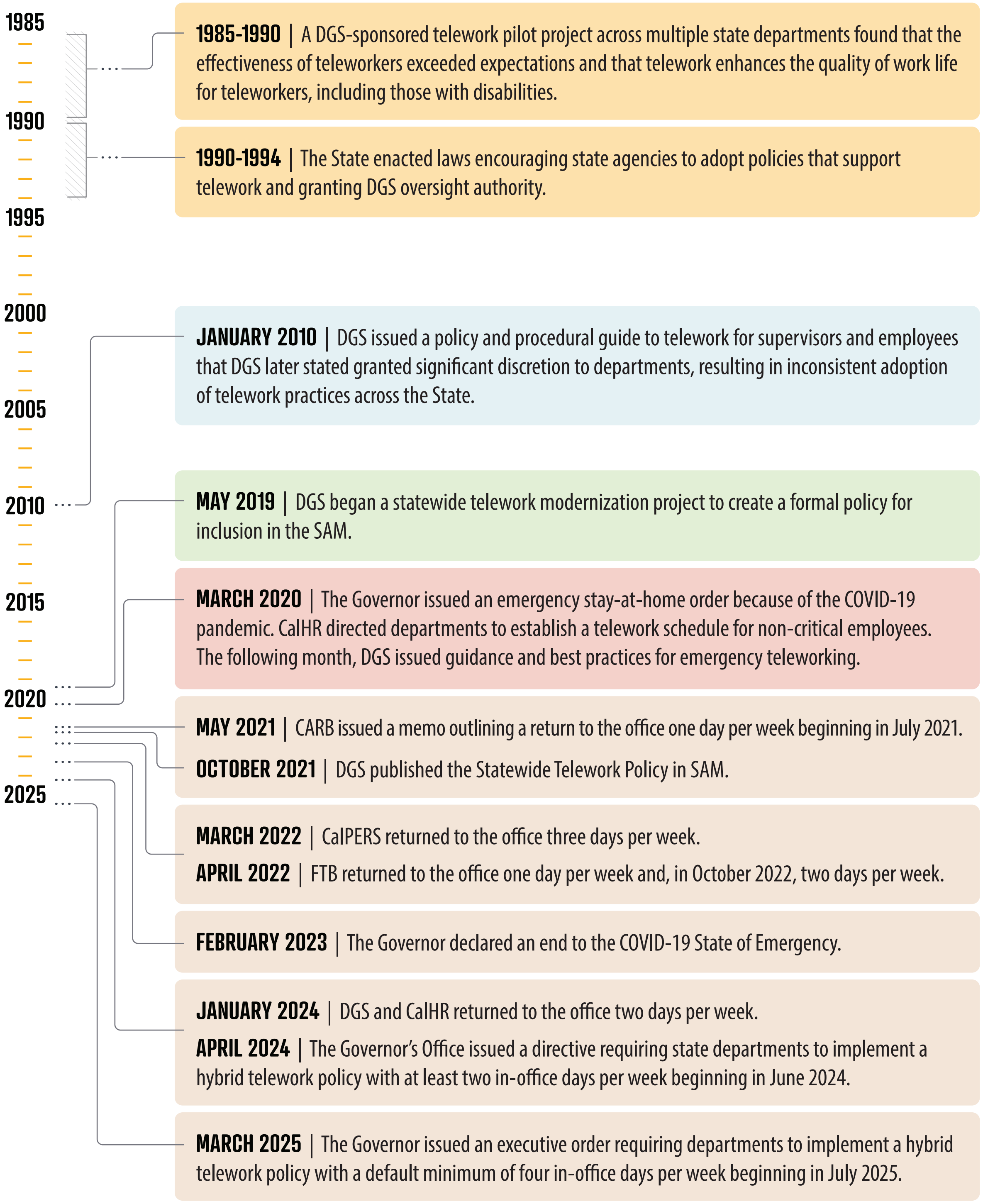
[2] In addition to DGS, other prominent managers of state-owned property include the California Department of Corrections and Rehabilitation, which manages prison properties, and the Judicial Council of California, which manages court facilities.

Figure 1
The State's Policies for Telework Have Evolved Over Time



1985-1990 | A DGS-sponsored telework pilot project across multiple state departments found that the effectiveness of teleworkers exceeded expectations and that telework enhances the quality of work life for teleworkers, including those with disabilities.

1990-1994 | The State enacted laws encouraging state agencies to adopt policies that support telework and granting DGS oversight authority.

JANUARY 2010 | DGS issued a policy and procedural guide to telework for supervisors and employees that DGS later stated granted significant discretion to departments, resulting in inconsistent adoption of telework practices across the State.

MAY 2019 | DGS began a statewide telework modernization project to create a formal policy for inclusion in the SAM.

MARCH 2020 | The Governor issued an emergency stay-at-home order because of the COVID-19 pandemic. CalHR directed departments to establish a telework schedule for non-critical employees. The following month, DGS issued guidance and best practices for emergency teleworking.

MAY 2021 | CARB issued a memo outlining a return to the office one day per week beginning in July 2021.

OCTOBER 2021 | DGS published the Statewide Telework Policy in SAM.

MARCH 2022 | CalPERS returned to the office three days per week.

APRIL 2022 | FTB returned to the office one day per week and, in October 2022, two days per week.

FEBRUARY 2023 | The Governor declared an end to the COVID-19 State of Emergency.

JANUARY 2024 | DGS and CalHR returned to the office two days per week.

APRIL 2024 | The Governor's Office issued a directive requiring state departments to implement a hybrid telework policy with at least two in-office days per week beginning in June 2024.

MARCH 2025 | The Governor issued an executive order requiring departments to implement a hybrid telework policy with a default minimum of four in-office days per week beginning in July 2025.

Source: State laws, executive orders, statewide telework policy, departments' memos, email correspondence, and interviews.

CalHR's Role in State Telework

Neither the state law relating to telework plans nor the statewide telework policy define CalHR's role in overseeing telework. As part of DGS's workgroup to develop a new statewide telework policy, CalHR contributed primarily as a subject matter expert for labor relations, and it facilitated union negotiations of the policy and telework stipend. Additionally, CalHR collaborated with DGS to provide telework-related technical assistance to departments through weekly office hours. CalHR also worked with CalGovOps to develop a mandatory training module to help managers and supervisors across departments adjust to a long-term hybrid work environment after the pandemic.

CalHR has general responsibilities in state law to represent the Governor as the employer in employer-employee relations, including collective bargaining. According to these collective bargaining laws, known as the Ralph C. Dills Act, CalHR must engage in a process to provide reasonable written notice to labor unions when there are proposed changes to the terms and conditions of employment via law, rule, resolution, or regulation, and it must give the unions the opportunity to meet and confer regarding those changes. These collective bargaining provisions formed the basis of legal challenges from labor unions to the Governor's March 2025 executive order that requires departments to adopt telework policies with a default minimum of working in the office four days per week.

Governor's Actions Related to Telework

In June 2021, the Governor rescinded the stay-at-home order, and in February 2023, the Governor declared an end to the State's pandemic state of emergency that had led to broad telework adoption by state agencies.

Governor's Actions Related to Telework

March 2020

- Executive Order: All residents stay at home to protect public health, subject to certain exceptions. The Governor lifted this order in June 2021.

April 2024

- Directive: Two days per week in office beginning in June 2024 to enhance collaboration, cohesion, communication, and mentorship, with case-by-case exceptions.

March 2025

- Executive Order: Four days per week in office beginning in July 2025 to promote collaboration, cohesion, efficiency, and accountability, with case-by-case exceptions.

Source: Executive orders and Governor's Office directive.

As the text box shows, the Governor's Office issued an April 2024 directive to all agencies and departments under the Governor's authority to implement by June of that same year a hybrid telework policy with an expectation that employees would begin working in the office at least two days per week, with case-by-case exceptions. The directive asserted that this approach would ensure that all agencies and departments experience the benefits of in-office work, which the Governor's Office described as *enhanced collaboration, cohesion,* and *communication*; *better opportunities for mentorship*; and *improved supervision and accountability*, all balanced with the benefits and increased flexibility of telework.

Nearly a year later, the Governor issued the March 2025 executive order, expanding that requirement to direct agencies and departments subject to the Governor's authority to require in their telework policies, effective July 2025, a default minimum of four in-office workdays per week, with case-by-case exceptions.[3]

The March 2025 executive order cited benefits of in-office work like those that the Governor's Office included in its April 2024 directive. The March executive order further declared that the Governor had determined that in-office work was an operational necessity to maximize collaboration, cohesion, and efficiency, and to maintain public confidence in the efficiency and effectiveness of state government. The March 2025 executive order also cited other reasons for the shift, such as fairness for state employees like custodial and janitorial staff, whose duties involve in-person work, and trends in the private sector to increase in-office work requirements.

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[3] In late June 2025, the Governor's Office and several state employee unions came to an agreement to delay until July 2026 implementation of the March 2025 executive order for their union members.

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The Governor's Return-to-Office Order Could Have Made Better Use of Important Information Regarding Departments' Needs and Costs

Key Points

- The Governor's Office did not gather certain important information, such as departments' office space needs or the associated costs to return employees to the office, before issuing its April 2024 directive and March 2025 executive order for state employees to work an increasing number of days per week in the office.

- Departments and employees who responded to our surveys regarding telework reported that it provides benefits, such as improving recruitment and retention and work-life balance, and that returning to the office two days per week had some counter-intuitive drawbacks, such as reduced collaboration and team building.

The Governor's Office Did Not Evaluate Certain Available Information When Deciding to Return State Employees to the Office

The Legislature directed us to review potential cost savings associated with telework and to determine the rationale selected state departments used to change their telework policies, both of which led us to review the Governor's April 2024 directive and March 2025 executive order. We determined that a review and assessment of recent telework decisions issued by the Governor's Office fell under the scope of the audit objectives because the decisions significantly alter the State's telework practices and affect the State's ability to reduce its office space footprint. Further, results from our survey of departments, as well as our more detailed review of the telework practices of DGS, CalHR, and the four selected departments, also affirmed the importance of the Governor's return-to-office mandates as major factors affecting departments' telework practices.

Following the June 2021 lifting of the stay-at-home order that had led to broad telework adoption by state agencies and the Governor's February 2023 declaration of the end of California's pandemic state of emergency, the Governor's Office directed state departments to return to the office. The California Constitution gives the Governor the supreme executive power of the State and the responsibility to ensure that the law is faithfully executed. Even though the California Supreme Court has recognized that many acts of the Governor are inherently executive or political in nature, requiring the Governor's exercise of judgment or discretion, it has also held that the ultimate authority to establish or revise the terms and conditions of state employment generally resides with the Legislature, and any authority the Governor exercises in this area emanates from the Legislature's delegation of a portion of its authority through statutory enactments.

In response to the Governor's March 2025 executive order, unions raised legal challenges alleging that the order unlawfully usurps the Legislature's authority by dictating a new telework policy to all state agencies under the Governor's authority, in contrast to the state law that vests the responsibility to establish telework policies in each state department. In late June 2025, several state employee unions agreed to drop their legal challenges to the executive order after negotiating a one-year suspension until July 1, 2026, of the four-day return-to-office order for their union members. Because these legal challenges and the resulting agreements occurred during our audit, we did not attempt to address the legality of the executive order because generally accepted government auditing standards caution against interfering with ongoing legal proceedings. Nevertheless, we sought to evaluate the evidence the Governor cited in support of his return-to-office mandates.

Executive orders related to telework from 1991 through 2008 and state law have directed agencies and departments to explore ways to embrace telework, and legislative declarations have espoused telework as a means to reduce air pollution, traffic congestion, and commuting costs while stimulating employee productivity and giving workers more flexibility and control over their lives. The law does not include a threshold for the number of days per week worked in either the office or at home. Although the Governor's April 2024 directive and March 2025 executive order also cited the benefit of increased flexibility that telework provides, both mandates cited concerns about long-term organizational culture, collaboration effectiveness, and the ability to onboard and mentor staff as some of the many justifications for returning employees to their offices for an increasing number of days per week.

We presented the Governor's Office with a series of questions to better understand its rationale for implementing return-to-office requirements. We were particularly interested in reviewing research it conducted or referenced, data it used, or any other information upon which it relied to inform the claims of the April 2024 directive and March 2025 executive order that in-person work promotes collaboration, cohesion, creativity, efficiency, accountability, and improved opportunities for mentorship. In May 2025, the Governor's Office provided responses to our questions about its decision-making process regarding the return-to-office orders, stating that through a combination of qualitative feedback and limited quantitative data, it weighed department-reported performance outcomes and cost savings associated with telework with concerns about long-term organizational culture, collaboration effectiveness, and the ability to onboard and mentor staff. The Governor's Office did not provide us with any data it may have used to inform its decisions that were specific to State of California employees, their job performance, or the level of service delivery that state agencies and departments provided.

The Governor's Office also provided us with two articles that support its claims about the benefits of in-office work.[4] The more salient of the two articles identified studies that suggest face-to-face interactions in the workplace can foster the diffusion of knowledge and the generation of new ideas. The article also referred to studies that suggest that telework can slow communications, impede the diffusion of knowledge in an organization, and narrow the scope of collaborative efforts. The same article noted that three of the studies it referenced suggested that one to two days of telework per week improves productivity and leads to happier employees.

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[4] Jose Maria Barrerro, et al. "The Evolution of Working from Home." *Stanford Institute for Economic Policy Research*, July 2023, siepr.stanford.edu/publications/working-paper/evolution-working-home. M. Mahdi Roghanizad & Vanessa K. Bohns. "Ask in person: You're less persuasive than you think over email." *Journal of Experimental Social Psychology*, Vol. 69, March 2017, pp. 223–226.

Although surveys and questionnaires of state departments that DGS conducted to assess telework were intended to inform decision-makers, it does not appear that the Governor's Office reviewed this information to inform its April 2024 directive and March 2025 executive order. DGS intended for the information to establish a baseline for decision-makers, meaning that the Governor's Office could have used the information to learn more about the positive and negative effects of the State's telework program and to consider the potential consequences of changes to that program. The Governor's Office did not respond directly when we asked whether it found this information persuasive. Instead, the Governor's Office noted that the four-day return-to-office order is based on experience and research about the benefits of in-person work as stated in the Governor's March 2025 executive order.

As of June 2025, the Governor's Office had yet to determine the amount of office space needed to accommodate the four-day return-to-office order, which we expected to have occurred before making the decision to implement this requirement. The March 2025 executive order required that, by April 1, 2025, departments submit their plans to DGS to accommodate the increase in in-person work with respect to office space. However, DGS has asserted that the information departments submitted is privileged and has not authorized its release, in part because of its concerns that the information is in draft form, is deliberative, and requires further review. For example, DGS stated that some departments included space needs for vacant employee positions. Based on our review of state buildings, we found that at least some departments would likely need additional office space to accommodate all returning employees. For example, the Department of Health Care Services (DHCS) would likely need at least an additional 541 workstations, and the California Department of Resources Recycling and Recovery would likely need at least an additional 123 workstations. The departments would need this space because SAM requires one desk space for each employee who works more than half of the week in the office. Given this potential need for additional office space, we expected the Governor's Office to have collected this information about the impacts of the March 2025 executive order before it was issued.

Similarly, as of May 2025, the Governor's Office had yet to determine the costs of implementing the four-day return-to-office order. Potential costs include the costs of acquiring additional office space and increasing parking availability. For instance, DGS submitted a request to the Legislature in May 2025 for $1.5 million in fiscal year 2025–26, and $1 million in subsequent fiscal years, to support the opening of two parking facilities in Sacramento. However, the State has not yet identified the total cost of implementing the four-day in-office executive order. The lack of information about the financial impacts of returning employees to state offices four days per week has led to some confusion about its implementation. The Legislature was unsure how the changes would impact the state budget during hearings in May 2025, and CalHR was unable to provide responses to some questions from members. In fact, in June 2025, a group of 17 assemblymembers signed a letter urging the Governor to delay his implementation of the four-day return-to-office order until there is a better understanding of the impacts of telework on the state budget and workforce.

Respondents to Our Surveys Indicated That Telework Benefits Both State Departments and Employees

We surveyed state department telework representatives and state managers, supervisors, and staff to determine whether their experiences and perspectives align with the benefits and limitations identified in the April 2024 directive. As the text box shows, we performed two surveys—one focused on department perspectives for over 100 departments and one focused on employee perspectives at four departments. We selected these four departments for additional analysis throughout the report based primarily on their size and number of telework-eligible employees. Our surveys included questions about telework policies, department and employee experiences with telework, and their perspectives on changes to telework practices.[5] We focused on the Governor's April 2024 directive, which required employees to return to the office two days per week because we conducted our surveys in early 2025 before the more recent March 2025 executive order.

State Auditor Surveys Related to Telework

Department Survey

- Over 100 departments surveyed from January through February 2025.
- Typically, respondent was the department human resources director, personnel officer, administrative officer, telework coordinator, or employee relations officer (departments' representatives).

Employee Survey

- 80 employees—including managers and staff—surveyed in February 2025.
- Four departments—California Air Resources Board, California Public Employees' Retirement System, California Department of Transportation, and Franchise Tax Board.

Source: Survey documentation.

Some state departments' representatives reported that the departments view telework as a beneficial tool. Employees from CARB, CalPERS, Caltrans, and FTB generally indicated that the implementation of telework improved their work-life balance and overall well-being and decreased their costs. Our department survey results indicated that telework benefited departments by lowering costs, reducing the amount of office space needed, and improving recruitment and retention, without negatively affecting productivity or customer service, as Appendix A shows. For example, 67 percent of responding departments' representatives reported that the departments experienced improved or unchanged productivity after implementing telework.

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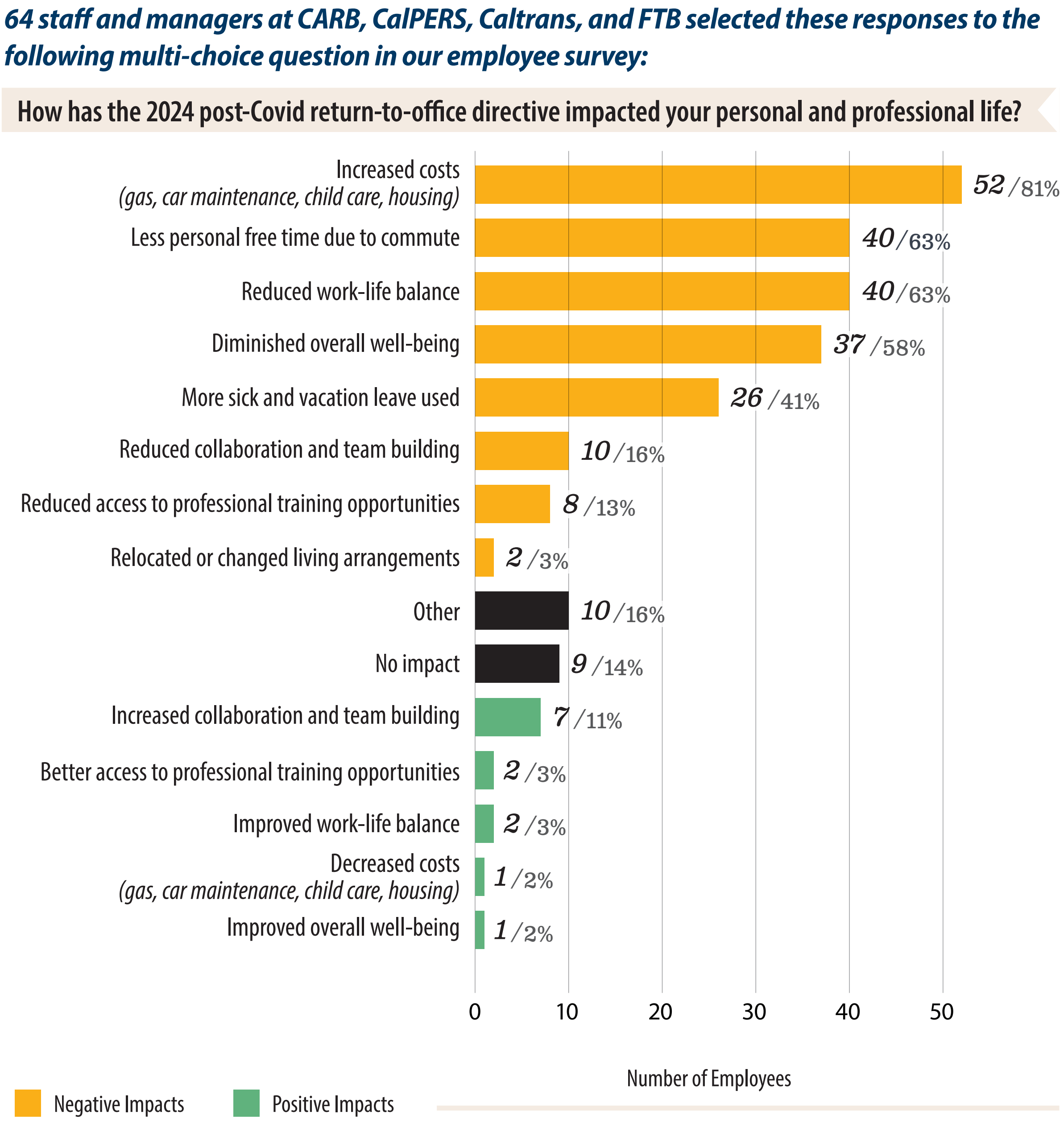
[5] Appendix A and Appendix B detail the specific questions that we asked and the aggregated results of our department surveys and employee surveys, respectively.

To understand whether these departments had the data to support their responses to the survey question about productivity, such as with metrics like cases processed per employee, we asked them how they made this determination. Department representatives who reported improved productivity indicated that they examine productivity through performance reviews, various check-in meetings and staff surveys, and by monitoring the quality and timely completion of staff work and projects. Some department representatives also mentioned that telework introduced the adoption of various technologies or electronic processes, such as using Microsoft Teams, that have improved collaboration and customer service. For example, one department's representative stated that Microsoft Teams allows the department to collaborate in unique ways and more easily facilitate meetings with customers and stakeholders, leading to improvements in customer service and more efficient use of staff time. The fact that departments' representatives generally responded to our survey with positive feedback about telework indicates that their telework practices have worked well for the departments, although these indicators of productivity appear to be qualitative rather than quantitative in nature.

Our employee survey found that managers, supervisors, and staff typically did not report experiencing reduced collaboration because of telework. For example, in response to a multiple-choice question about the impact of telework on their professional lives, 30 percent of respondents reported increased collaboration and team building while teleworking, and just 13 percent reported reduced collaboration and team building following the implementation of telework. One employee explained that they believed collaboration had improved through telework because of the ability to screenshare. In contrast, when asked how the April 2024 directive to return to the office two days per week affected them, just 11 percent of respondents reported increased collaboration and team building. Furthermore, as Figure 2 illustrates, 16 percent reported experiencing *reduced* collaboration and team building, with some employees noting that collaboration suffered because of misaligned scheduling of in-office days. For example, several employees mentioned that working in the office does not help with collaboration because meetings still occur virtually, people come into the office on different days, or because employees tend to remain in their cubicles. Although the March 2025 executive order seeks to resolve these scheduling issues, our employee survey results suggest that mandating more in-office days per week may negatively affect employees' productivity and job satisfaction.

Managers and supervisors were generally more positive than staff about the effect of returning to the office on collaboration and team building, but some also reported a reduction in collaboration and team building. Specifically, slightly more than half of the managers and supervisors who selected collaboration and team building as one of the responses to the question about the impacts of returning to the office indicated that collaboration and team building increased, and just under half noted that it decreased after returning to the office two days per week. Most of the few respondents who reported that telework reduced collaboration and team building were also managers and supervisors.

Figure 2
Employees of Four Departments Reported That the Return to Office Generally Impacted Their Personal and Professional Lives Negatively



Source: State Auditor's survey of managers and staff at four departments.

Our employee survey results regarding productivity and job satisfaction provide important insights into the perspectives of state employees and their managers. For example, two-thirds of respondents reported that their individual productivity improved as a result of telework, commonly attributing this to experiencing fewer distractions or interruptions, working more hours, or having more energy and less stress while teleworking. Similarly, over two-thirds of the responding managers and supervisors reported that the productivity of their divisions or units either increased or did not change while teleworking. In addition, when we asked respondents if they agreed with the requirement to work in the office a minimum of two days per week, more than 80 percent answered that they disagreed with the requirement. Further, nearly half of respondents reported having less job satisfaction since returning to the office. As Figure 2 shows, employees reported that returning to the office affected their lives by increasing personal costs and reducing work-life balance and well-being and that it resulted in them using more vacation and sick leave. Although our employee survey contains perspectives reported before the Governor issued the March 2025 executive order, the perspectives of these employees provide insight into how that executive order may further affect the personal and professional lives of the State's workforce.

The results of our surveys demonstrate that telework has provided a variety of benefits to departments and employees. For these reasons, state departments that design telework policies that align with the statewide policy—while still adapting to their unique operational needs—may be in a better position to carry out their programmatic missions and to ensure a satisfied workforce.

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Telework Can Generate Significant Savings for the State in Office Costs, Provided That State Employees Telework Three or More Days per Week

Key Points

- Under the Governor's April 2024 directive requiring state employees to work in the office two days per week, the State occupied more office space than needed. Specifically, we found that the State did not regularly use 3.2 million square feet of office space in the seven state-owned office buildings that we reviewed.

- If state employees telework three or more days per week, DGS has estimated that the State could reduce office space in DGS-managed state-owned and leased buildings by approximately 30 percent, which we estimate could generate cost savings of as much as $225 million annually.

- By requiring employees to work in the office four days per week, which necessitates that each employee has their own dedicated workstation, the Governor's March 2025 executive order would significantly reduce the possibility of realizing savings from reducing office space square footage and associated costs.

The State Occupied Significantly More Office Space Than It Needed Under Recent Hybrid Telework Arrangements

Telework programs can generate significant savings in office space when entities reduce the number of workstations they must provide. When enough employees telework at least three days per week, or work two days in the office, departments can implement desk-sharing programs that significantly reduce the amount of space they need. Desk-sharing programs sometimes consist of a single workstation assigned to two employees with alternating in-office schedules. In other cases, desk sharing allows employees to reserve a desk from a block of workstations open to all eligible employees on the days that they work in the office. We describe how using less space can lead to cost savings later in this report. The statewide telework policy in SAM states that office-centered employees—those who work in the office more than 50 percent of the week—must have a dedicated workstation in the office. Therefore, because the March 2025 executive order requires most state employees to work in the office at least four days per week, each employee must have a dedicated workstation, and desk-sharing programs are less feasible.

In our review of various reports from other government entities and other research on telework, we did not identify a consensus on how much savings telework programs can produce. Nonetheless, we found guidelines that describe how governments can reduce office space by having employees share desks. Specifically, Oregon's Department of Administrative Services wrote in its 2024 office utilization and design guidelines that a ratio of one desk for every two employees is appropriate when employees telework three days per week. DGS does not offer similar guidance but agreed with this ratio.[6]

Buildings We Reviewed

Franchise Tax Board Complex (Sacramento)

Capitol Area East End Complex (Sacramento)

May Lee Office Complex (Sacramento)

Ronald Reagan State Building (Los Angeles)

Ronald M. George State Office Complex (San Francisco)

CalEPA Headquarters (Sacramento)

Elihu M. Harris Building (Oakland)

Source: California State Auditor's Office.

To determine the potential for office space savings in different telework scenarios, we selected seven of the largest state-owned office properties in the DGS real estate portfolio, which we list in the text box, and collected data to determine the total costs to the State for ownership of these buildings from fiscal years 2021–22 through 2023–24. We selected for further review 19 departments that, together, occupied 85 percent of available office space in those buildings. We collected and analyzed employee attendance and office space usage information from these departments to estimate the number of employees working in their offices on the busiest day of a typical week. We also calculated workstation needs according to three different telework scenarios: one in which all telework-eligible employees telework full-time, one in which telework-eligible employees work in the office two days per week, and one in which telework-eligible employees work in the office three or more days per week. Appendix C shows the workstation reduction and cost savings estimates from this analysis.

We determined that the state departments we reviewed recently occupied significantly more office space than they needed. We found that during the two-day in-office requirement, 12 of the selected departments used less than half of their workstations on the busiest day of a typical week. Only three departments reported using at least 60 percent of their workstations on the busiest days. Across all seven buildings we reviewed, we estimate that nearly 3.2 million square feet of office space went unused by the 19 selected departments, as Figure 3 shows. This square footage is nearly equivalent to all of the space in the two largest state-owned office properties in the DGS real estate portfolio.

To identify the amount that these state departments spent on unused office space, we multiplied the amount of unused space in the buildings we reviewed by the price per square foot of that space. DGS's chief deputy director agreed that this approach to calculating this estimate was reasonable, with the caveat that it may not be possible for another agency to occupy some unused space. According to this calculation, we estimate that these departments paid almost $117 million to the State in fiscal year 2024–25 for the office space in state buildings that they did not use. Although departments paid this money to the State, these are public funds: To the extent that these departments had reduced their office space and its associated costs, the Legislature could have appropriated those funds to support other valuable public services, such as education or public health programs. Instead, the State spent millions of dollars on office space that often remained unused, and some of that space could have been made available for other departments to use.

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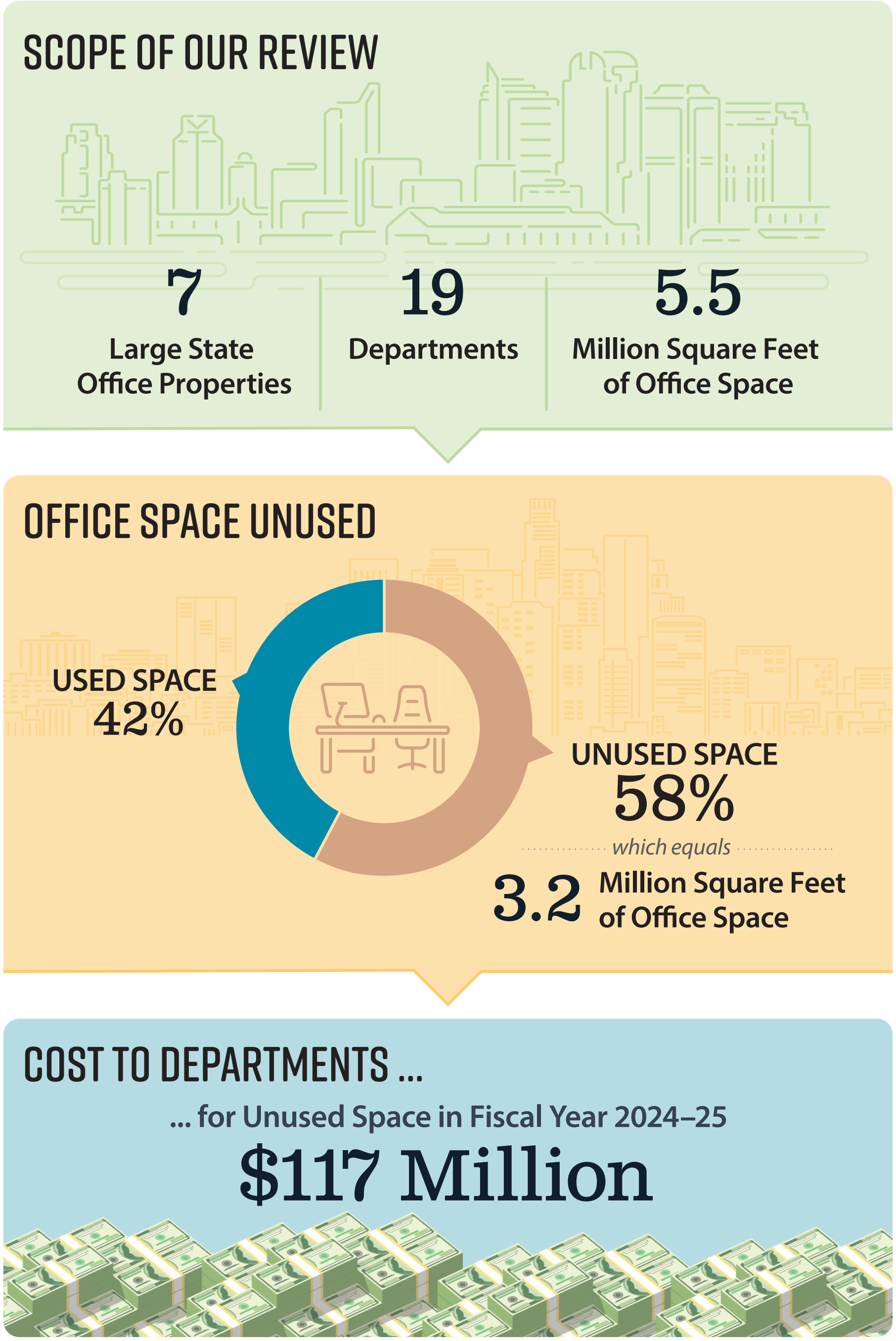
[6] In addition to Oregon's Department of Administrative Services guidelines, our interviews with DGS and our review of a telework impact study from the Washington Department of Transportation confirm that when employees telework three days per week, an employer can plan for one workstation for every two employees.

Figure 3
The Departments We Reviewed Spent $117 Million on Unused Office Space in Fiscal Year 2024–25



Source: DGS and other departments' data.

If Employees Telework Three or More Days per Week, the State Can Reduce Its Office Space Footprint by 30 Percent

In its February 2025 Real Estate Portfolio Plan, published shortly before the Governor issued his March 2025 executive order requiring state employees to work four days per week in the office, DGS conducted a comparative analysis in which it evaluated multiple in-office scenarios to determine when it was more cost-effective to retain a given building or pursue leasing privately-owned commercial buildings. One scenario it evaluated involved employees teleworking three days per week, or working in the office two days per week, and DGS assumed that this scenario would translate to an approximate 30 percent savings in overall space needs. This 30 percent figure aligns with the goals of other state governments, such as Oregon and Colorado. For California, this 30 percent reduction would amount to savings of more than 10 million square feet of the nearly 34 million square feet of office space that DGS manages. This estimated reduction differs from our estimate of 58 percent of unused space because we looked at specific departments in selected properties, whereas DGS's estimate is based on its entire office portfolio.

The needs of one of the 19 departments we assessed—the California Department of Tax and Fee Administration (CDTFA)—align with DGS's 30 percent space savings estimate: With its staff teleworking three days per week, the department no longer needed the use of the more than 714,000 square feet of office space it was initially signed up to lease at the May Lee Office Complex in Sacramento. That office space equated to more than half of the total available space in that complex. In 2021, CDTFA elected to relinquish 141,000 square feet, only ever occupying 573,000 square feet of the buildings. In September 2024, CDTFA requested to vacate an additional six floors in the May Lee Complex, which amounted to 218,000 square feet, or over 38 percent of the department's remaining office space in the complex. However, after the issuance of the March 2025 executive order, CDTFA reversed this decision and canceled its request to DGS to relinquish these six floors of office space, maintaining its 573,000 square foot footprint. CDTFA's vacating those six floors could have allowed a new tenant to assume the emptied space, and accommodating more departments in the same amount of space may have allowed the State to save public funds.

Such reductions in office space applied statewide could generate substantial savings. Currently, the State spends approximately $765 million annually on DGS's portfolio of state-owned properties and leased properties that DGS manages. We estimate that a 30 percent reduction in office space could amount to annual savings of as much as $225 million. DGS's chief deputy director explained that if the State were to pursue office space reduction on this scale, savings would likely take years to materialize because the State would initially incur some new one-time costs associated with office downsizing efforts. These new costs could include moving costs for departments and renovations to accommodate new tenants.

We expected the departments we reviewed to have pursued reductions of their office spaces in accordance with the statewide telework policy, which expects departments to reduce the amount of required office space and generate savings for the State. From our analysis of workstation usage, we concluded that most departments did not make significant progress toward the goal of office space reduction. At CARB, the division chief of administrative services told us that the department had considered reducing its office space footprint before the April 2024 directive, but the department had since grown reluctant to pursue space savings, in part because of uncertainty about future changes to the State's telework policy. We acknowledge that there are other substantial obstacles that can complicate or limit a department's ability to reduce its office space footprint, as we discuss in the next section. However, as a measure of effectiveness, the statewide telework policy expects departments' telework programs to reduce required office space to generate cost savings.

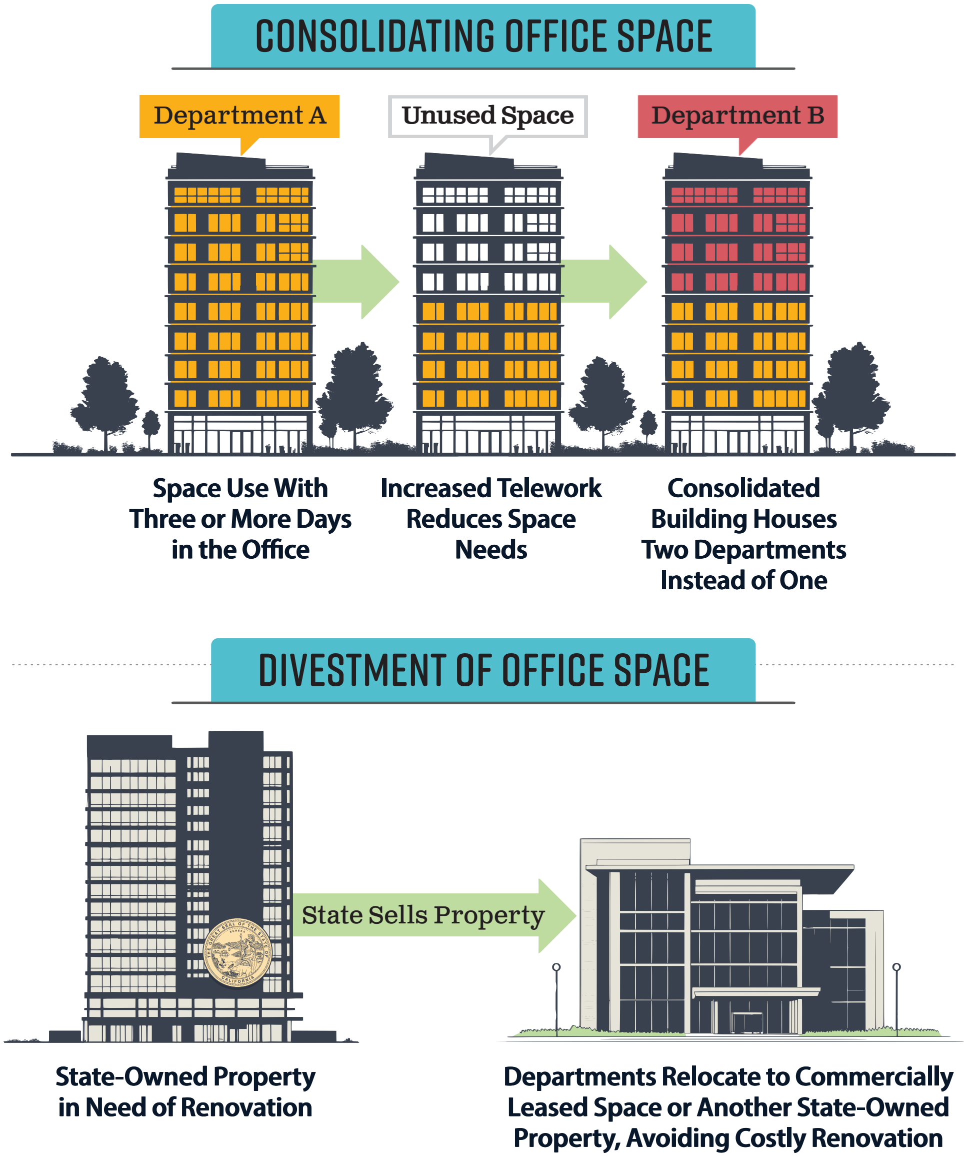
Reductions in Office Space Are Generally Not Possible When Employees Work in the Office Four Days Per Week

Reduction in the State's office space footprint can take two forms: consolidating office space or selling the property. Selling the property is called *divestment*, and Figure 4 presents these processes graphically. Consolidating space involves departments that occupy more office space than they need, reducing the space they occupy and remaining located at the same property. Departments may add shared workstations or increase their use to accommodate the same number of employees in a smaller space. If departments in a building can reduce their occupied space by enough square footage, a new tenant can move into the newly available space that the existing tenants have released. In cases where the new tenant was previously leasing private office space, the State can then exit the lease and generate cost savings. Consolidating space can occur in instances in which a department has leased space that it can vacate or when the department plans to add a significant number of new employees without requiring new office space.

Reduction in the State's overall office space footprint may also take the form of divestment from state-owned properties. Divestment involves the State either finding a new purpose for a state-owned property, such as use as affordable housing, or selling the property. The departments located in a building slated for divestment would then generally relocate to another property. In its 2025 Portfolio Plan, DGS stated that it had previously presumed that long-term ownership was more cost-effective than continuous leasing, but that its analysis for the 2025 plan ultimately demonstrated that divestment from state-owned office properties and relocation to commercial leases often produces greater cost savings for the State in the long term.

The Ronald Reagan State Building (Reagan Building), built in 1990, is an example of a state-owned office property from which the State could divest to save money. According to DGS, if the State does not divest from the Reagan Building, the State would likely need to renovate it in the future. According to a DGS analysis, such a renovation would take years to complete and would cost the State approximately $660 million in design, permit, inspection, and construction costs. This building is an excellent candidate for divestment if the State largely continues to operate under the April 2024 directive that requires employees to work in the office two days per week. Specifically, we found that over 80 percent of the workstations in the Reagan Building were empty on the busiest day of a typical week under the April 2024 directive. However, the same DGS analysis that identified the Reagan Building as a strong candidate for divestment also found that a full return-to-office policy may require the State to continue owning the building.

Figure 4
By Consolidating Office Space and Divesting From Office Properties, the State Can Reduce Its Office Footprint and Save Costs


CONSOLIDATING OFFICE SPACE
Department A
Unused Space
Department B
Space Use With Three or More Days in the Office
Increased Telework Reduces Space Needs
Consolidated Building Houses Two Departments Instead of One
DIVESTMENT OF OFFICE SPACE
State Sells Property
State-Owned Property in Need of Renovation
Departments Relocate to Commercially Leased Space or Another State-Owned Property, Avoiding Costly Renovation

Source: DGS Portfolio Plan and interviews with DGS.

Despite opportunities for overall space savings through consolidation and divestment, we recognize that there are significant obstacles to reducing office space. The largest property in the DGS portfolio—the Franchise Tax Board Office Complex—has limited consolidation potential even with a requirement that employees work two days per week in the office, according to FTB's business and human resources bureau director. Because of the open layout of the buildings in the complex and the need to comply with strict security requirements related to confidential tax documents, FTB asserted that it cannot easily make space available to share with other departments. As the text box shows, there are multiple other challenges that can generally complicate the goal of office space reduction for departments. In ideal circumstances, the newly available space would meet a new tenant's operational needs without extensive and expensive renovations. Divestment may not be the best option in commercial real estate markets with high lease costs. For example, it may be prudent to rehabilitate an existing state office building if the costs for renovations are lower than the cost to lease other or new office space in that city.

Obstacles for Office Space Reduction

- The need to identify a suitable new tenant.
- Lease terms.
- Moving costs.
- Furniture update or replacement.
- Renovations to meet operational needs of new departments.
- IT costs associated with a new tenant.

Source: DGS Portfolio Plan.

The March 2025 executive order requiring employees to work four days in the office would largely eliminate the potential for telework-related office space savings because it would preclude desk-sharing scenarios and the associated reduction in office space. Under a requirement that employees work four days per week in the office, some departments that previously had a surplus of office space may no longer have enough space to accommodate all employees. For example, we determined that nearly 60 percent of all workstations at the Capitol Area East End Complex were empty on the busiest day of a typical week when the State required employees to work in the office at least two days per week, as Figure 5 shows. Assuming a ratio of one desk for every two employees when they can telework three days per week, we estimate that tenants at this office complex could have reduced their space usage by nearly 2,700 workstations, potentially making available for a new tenant 36 percent of the complex's square footage.

However, with a requirement that employees work in the office four days per week, these space saving opportunities would no longer exist; instead, the office complex would have more assigned employees than available workstations. Our analysis found that DHCS would need at least an additional 541 workstations to accommodate the employees assigned to the Capitol Area East End Complex to comply with the March 2025 executive order. DHCS may need to obtain additional office space in another state building or through leased private office space to accommodate the March 2025 executive order. The other major tenants at the East End Complex—the California Department of Education and California Department of Public Health—do not face the same challenges as DHCS, but they notably lack room for future growth if their employees were to work in the office four days per week.

Figure 5
The Capitol Area East End Complex May Not Accommodate All Employees Under a Four Day Per Week In-Office Requirement

CAPITOL AREA EAST END COMPLEX – SACRAMENTO

Around 2,400 employees tended to work in person on the busiest day of a typical week in February 2025.

Around 3,500 workstations (59%) were empty on the busiest day of a typical week in February 2025.

Entities we did not review occupy 36,129 square feet or 3% of total office space.

Total square feet: 1,579,792

Square feet allocated for office space: 1,154,661

DEPARTMENTS REVIEWED

DHCS
Square feet: 465,137
Employees: 2,715

CDPH
Square feet: 369,070
Employees: 1,935

CDE
Square feet: 284,325
Employees: 1,461

Total employees: 6,111

SPACE SAVINGS POTENTIAL

By teleworking more often and expanding desk sharing, DHCS, CDPH, and CDE could reduce the number of workstations used.*

Current number of workstations:
5,833

Workstation needs if fully remote:
2,172 (53% fewer[†])

Hybrid 2 days/week in office:
3,154 (36% fewer)

Hybrid 4 days/week in office:
6,111

The East End Complex may run out of space to accommodate employees.

Fiscal Year	*Operations and Maintenance Staff*	*Building Supplies and Commodities*	*Recurring Maintenance and Repairs*	*Equipment*	*Utilities*	*Bond Payments*	*Total*
2021–22	$5,444,000	$444,000	$3,613,000	$57,000	$2,101,000	$27,667,000	$39,326,000
2022–23	$5,937,000	$412,000	$4,943,000	$36,000	$2,501,000	$27,642,000	$41,471,000
2023–24	$6,118,000	$540,000	$4,464,000	$43,000	$2,085,000	$27,620,000	$40,870,000

Source: DGS, DHCS, CDPH, and CDE data.

* Workstation estimates rely on materials developed by the Oregon state government and assume a 3:1 worker-to-desk ratio for a scenario in which all telework-eligible employees are fully remote, a 2:1 ratio for a two-day in-office requirement, and a 1:1 ratio for a three-day or more in-office requirement. Our estimates also include a 10 percent adjustment for future growth in each department.

[†] Departments still have workstation needs when all telework-eligible employees work from home because some employees are not eligible for telework and must always work in the office.

Some of the Departments We Reviewed Partially Evaluated Their Telework Programs to Inform Their Past Return-to-Office Decisions

Key Points

- State law requires departments to evaluate their telework programs against criteria that DGS establishes, although DGS has not provided guidance for how state departments should evaluate their telework programs' performance or effectiveness in meeting goals enumerated in the statewide telework policy.
- We found that only two of the six departments we reviewed used information they collected from employees, such as through employee surveys, to complete partial evaluations of their telework programs and inform their decisions requiring employees to return to the office before 2025.

DGS Has Not Developed Criteria for Departments to Use in Evaluating Their Telework Programs, as State Law Requires

The Audit Committee directed us in May 2024 to determine why DGS, CalHR, and the four additional departments we selected for review made changes to their telework policies. State law requires each state agency to evaluate its telework program against criteria that DGS establishes. Although the statewide telework policy—which DGS developed—does not outline a process for evaluating and determining whether a department's telework program is effective, the policy does state that an effective telework program must provide a benefit to the State and its employees and be cost neutral or generate savings. It further states that department telework programs are expected to meet the goals we list in the text box. However, DGS has not provided guidance for how state departments should evaluate their telework programs' performance in meeting these goals. Without such guidance on how to determine the effectiveness of their telework programs, it is not surprising that we found that only some of the six state departments we reviewed partially evaluated whether their telework programs benefit the State and its employees as intended.

Goals of an Effective Telework Program

- Encourage participation of eligible employees.
- Reduce required state office space.
- Improve employee retention and recruitment.
- Maintain or improve employee productivity.
- Reduce state environmental impacts, such as traffic congestion.
- Maintain or improve customer service.

Source: SAM.

Departments Generally Required Employees to Return to the Office to Increase In-Person Interactions

The six departments we reviewed provided us with various reasons for changes they have made to their telework policies or practices. All but one of these six departments implemented a hybrid return-to-office policy before the Governor's April 2024 directive, as the text box shows. We reviewed documentation and asked all six departments why they implemented a return-to-office decision, and we found that they primarily based their decisions on intangible factors and external direction. For example, CalHR's chief deputy director stated that in September 2023, the secretary of CalGovOps verbally directed CalHR and other entities in the agency to require all employees to work two days per week in the office. The departments' internal correspondence often cited the transition to hybrid telework as a way to increase in-person collaboration, engagement, employee development, or to preserve department culture. For example, CARB noted in a May 2021 memo to employees that there is value in having direct contact with staff and stakeholders to form relationships and to enhance employee experience and growth by interacting with colleagues and stakeholders.

Timeline of Return-to-Office Decisions for Departments We Reviewed

- **CARB:** Returned to the office one day per week in July 2021.
- **CalPERS:** Returned to the office three days per week in March 2022.
- **FTB:** Returned to the office one day per week in April 2022 and two days per week in October 2022.
- **DGS:** Returned to the office two days per week in January 2024.
- **CalHR:** Returned to the office two days per week in January 2024.
- **Caltrans:** Returned to the office two days per week in June 2024, per the Governor's April 2024 directive.

Source: Confirmations and documents from departments.

We expected departments to have conducted analyses, such as surveys, before they ordered employees to return to the office, especially because state law requires departments to evaluate their telework programs. Efforts to return employees to the office, which are significant changes for departments with notable impacts on employees and the environment, are an excellent opportunity to evaluate the performance of telework. As a result, we expected departments to base their return-to-office decisions on factors such as employee feedback about the successes and challenges of telework, employee performance or well-being, or the delivery of department services in general. Without such valuable information to guide the decision-making process, leaders risk making decisions that may negatively affect their organization, such as by making decisions that lead to reduced job satisfaction, increased attrition, or a reduction in the quality of department services.

Of the six departments we reviewed, only three collected information to better understand the challenges and benefits of telework, and two of those departments used that information to inform decisions related to telework. As Table 1 shows, CARB, FTB, and Caltrans surveyed employees to obtain information about telework in their departments. CARB and FTB reported using the data from their surveys to help inform decisions related to telework. For example, CARB surveyed managers in 2020 and found that they experienced challenges staying connected with colleagues and building relationships and culture with new staff during full-time telework. CARB's deputy executive officer confirmed that the survey results helped CARB design and implement its hybrid telework program that became effective in July 2021, which required telework-eligible employees to work in the office at least one day per week.

Table 1
Two of Six Departments Used Employee Feedback to Inform Changes to Their Telework Practices Before the Governor's April 2024 Directive

DEPARTMENT	DATE OF SURVEY OR FOCUS GROUP	REPORTED BENEFITS RELATED TO TELEWORK	REPORTED CHALLENGES RELATED TO TELEWORK	DID THE INFORMATION COLLECTED INFORM CHANGES TO TELEWORK PRACTICES?
CARB	2020	• Greater productivity • Staff retention • Greater ability to recruit new staff • Ability to monitor staff progress on assignments	• Keeping connected with colleagues • Building relationships and culture with new staff	✓ YES Required one day in-office per week
Caltrans	2021 and 2022	• Greater productivity • Increased morale • Better work-life balance	• Lack of feeling connected • Social isolation	✗ NO*
FTB	2020 and 2024	• Greater productivity • Fewer distractions • Improved time management • Improved attendance	• Less spontaneous connection/collaboration • Disconnection from FTB culture Beginning in February 2024, FTB launched a voluntary exit interview process, which found: • Over a quarter of respondents reported leaving FTB for positions that offered more telework/remote options	✓ YES Required two days in-office per week rather than three days†
CalPERS	NA	Did not conduct a survey or analyze employee feedback	NA	NA
CalHR	NA	Did not conduct a survey or analyze employee feedback	NA	NA
DGS	NA	Did not conduct a survey or analyze employee feedback	NA	NA

Source: Departments' survey data and reports, memos, and interviews.

NA = Not applicable.

* Caltrans' deputy division chief of safety and management services stated that because of the diversity and uniqueness of its programs, the department implemented a telework policy allowing management to evaluate the essential functions of positions to determine eligibility for telework according to business needs. She explained that, as a result, various programs, district offices, and divisions across the department implemented in-office requirements for employees as needed.

† FTB originally returned to the office one day per week in April 2022 and later two days per week in October 2022.

Similarly, FTB's business and human resources bureau director stated that when considering its return-to-office requirements after the pandemic, FTB incorporated results from its employee experience survey when deciding the number of required days in the office. FTB also conducts a voluntary exit interview process to better understand turnover trends; this data collection found that from February 2024 through January 2025, over a quarter of respondents reported leaving FTB for positions that offered telework options. FTB's bureau director confirmed that these results partly influenced its decision to implement a two-day in-office requirement instead of a three-day in-office requirement. In contrast, DGS, CalHR, and CalPERS did not formally survey employees about telework or form focus groups to understand its impacts and inform their decision-making related to telework.

Employee responses to our survey show that they appreciated many aspects of teleworking and did not agree with the two-day in-office requirement, an important perspective that state departments could have obtained. Specifically, 81 percent of employees and managers from CARB, CalPERS, Caltrans, and FTB who responded to our survey reported that they did not agree with the two-day in-office requirement. Nearly half reported having less job satisfaction since the implementation of the two-day requirement. Respondents commonly mentioned that teleworking increases their productivity because they experience fewer distractions and less stress and have more energy when working at home. One employee mentioned that although being in the office can support collaboration and team building, they believe that telework practices should be tailored to each agency's unique needs, rather than imposing a one-size-fits-all approach. This opinion reflects state requirements for tailored telework in SAM, which asks departments to consider the functions appropriate for teleworking and the positions that may be eligible for telework. Employee preferences and satisfaction are only a few of the factors that departmental decision-makers could have considered in evaluating telework policies. However, had all state departments solicited feedback from their staff about returning to the office, the departments likely would have found widespread disagreement with requirements to increase the number of weekly in-office workdays.

DGS's Oversight of Telework Policies Was Effective

Key Points

- DGS established a telework program unit (telework unit) in fiscal year 2022–23 to review departments' telework policies and perform oversight, which led to departments having telework policies that broadly aligned with the statewide telework policy. The unit also collected telework data, such as the carbon emissions avoided when state employees teleworked frequently, which DGS published on a public dashboard.
- In fiscal year 2024–25, the Governor and Legislature eliminated funding that supported DGS's telework unit. The lack of funding ultimately ended the unit's work, leaving no designated oversight of the State's telework programs.

DGS's Telework Unit Successfully Performed Policy Reviews and Provided Technical Assistance to State Departments

The Audit Committee asked our office to determine the usefulness of the former telework unit for overseeing the State's telework policy. DGS established its former telework unit in fiscal year 2022–23 to perform telework policy compliance reviews and oversight of state departments. According to a former analyst in the unit, the telework unit's staff were responsible for reviewing other departments' telework policies to ensure that they aligned with the statewide telework policy. When those policies did not align, DGS staff provided feedback to departments, who then revised and resubmitted their policies. We reviewed a selection of department telework policies to determine whether those policies complied with the statewide telework policy, which asks departments to establish a written policy specific to the department's business needs in accordance with the statewide policy and to establish uniform expectations for performance management and communication, and we found that they did. As a result, we determined that DGS's process for reviewing those policies was reasonable. By December 2022, the telework unit had reviewed 144 department telework policies and found that nearly all of them were compliant, demonstrating a widespread uniformity of telework policies across the state government.

The telework unit helped departments develop their telework policies and manage their telework agreement forms by providing technical assistance and guidance. According to our survey of departments, nearly two-thirds of the 101 responding departments received technical assistance from DGS during the development of their telework policies. The unit also provided technical assistance with telework agreement forms and collaborated with CalHR to offer weekly office hours—which ended in December 2023—to directly support departments. Of the departments we surveyed, 14 percent indicated that they had also requested one-time or ongoing assistance or guidance from DGS after the completion of their new telework policies. DGS noted that questions from departments commonly related to telework stipends, collecting and submitting telework data to DGS, and ways to manage space usage with fewer in-office workers, among other concerns.

In addition to providing guidance and assistance, DGS also created and maintained a public dashboard that reported some of the positive effects of teleworking using data that state departments reported. DGS's chief information officer explained that DGS launched a telework website in August 2020, offering telework guidelines and a telework dashboard that highlighted DGS's telework data. He noted that DGS expanded this dashboard in June 2021 by adding telework data from more departments. In October 2021, when DGS published the statewide telework policy, it included in this policy a requirement for departments to report to DGS information related to telework, such as the number of telework-eligible employees and their average number of days working in the office.

DGS began to publish on its dashboard additional data that it gathered from state departments regarding state employee commutes. A DGS survey beginning in July 2022 asked about employees' commute distances and driving times. DGS's IT office aggregated these data onto the public dashboard, highlighting these benefits of telework. For example, the dashboard showed that the State saved nearly 50 million commute miles and avoided over 18,000 metric tons of carbon dioxide (CO_2) in just the month of December 2023. This is a significant amount: 50 million commute miles corresponds to the distance traveled during nearly 7,500 round trips driving across the U.S. between Seattle, Washington, and Miami, Florida, and the amount of avoided CO_2 is equivalent to the greenhouse gas emissions for one year of electricity use by over 3,700 homes. The dashboard showed that during the same month, state employees cumulatively avoided over 1.2 million commute hours and saved more than 2 million gallons of fuel, saving state workers over $9 million. DGS confirmed that it ended the dashboard in March 2024.

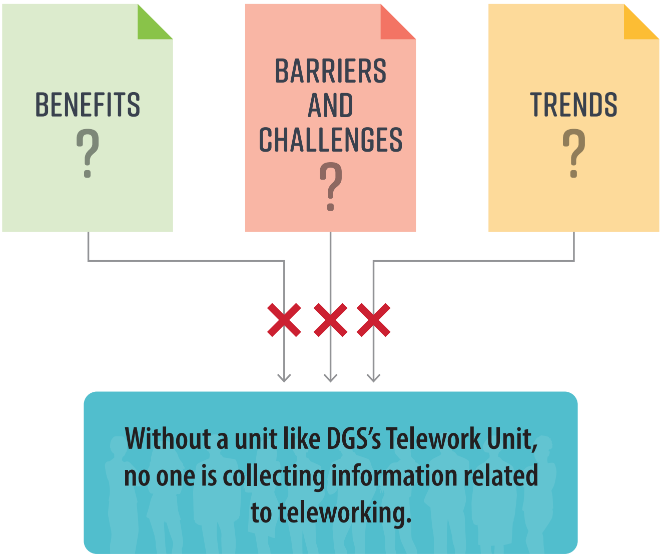
In addition to collecting data for the dashboard, DGS disseminated two telework-related requests to departments to measure and assess telework programs. In October 2022, DGS distributed a telework program survey to department directors to measure the results of the State's telework program and establish a baseline of data for decision-makers. In April 2023, DGS distributed a questionnaire to agency secretaries and department directors to assess telework programs and determine the ways telework programs can evolve. DGS stated that CalGovOps asked DGS to help develop and collect responses for the survey and questionnaire but that DGS did not use the collected data to make any decisions regarding statewide telework. DGS considers these data confidential and exempt from public disclosure under the deliberative process privilege. The deliberative process privilege applies to records that reveal pre-decisional, deliberative communications to protect the decision-making process from public scrutiny that could discourage candid discussion and undermine an agency's ability to perform its functions. Although information protected under the deliberative process privilege is exempt from public disclosure, the California State Auditor generally has access under state law to the records of any public entity, including confidential records. We therefore obtained and reviewed the survey information, but we do not discuss the results of these surveys in this report.

However, DGS's dashboard, telework survey, and operational reviews amassed valuable information that did not previously exist and that decision-makers could have used to inform changes to telework policies. According to DGS's chief information officer, before DGS gathered data through these methods, no other entity in state government had collected this type of information. DGS's deputy director of administration noted that although DGS did not ultimately use the results of its October 2022 survey to inform changes to policies, the telework unit later used the results to provide better technical assistance and support to departments. DGS's chief information officer stated that DGS would have used the telework data it collected to establish a baseline for further analysis and assessment of worker retention and productivity, potential training gaps, and operational costs. However, without a telework unit or similar support unit, the chief information officer stated that existing workloads and staff capacity served as a barrier to further evaluation of telework both in the department and statewide.

The Closure of DGS's Telework Unit Ended Formal Review of Statewide Telework

DGS's telework unit was only active from fiscal year 2022–23 until it was closed in 2024, ending useful reviews of telework programs, as Figure 6 shows. The Governor's proposed budget for fiscal year 2024–25 did not include funding for the telework unit, and the Legislature adopted this proposal when it passed the budget bill that year. We explored whether another state entity should be responsible for monitoring state telework programs. Before the telework unit's closure, DGS and the State Personnel Board (SPB) had signed an agreement in October 2023 for SPB to incorporate telework compliance reviews into its processes, but SPB confirmed that the agreement stalled after DGS lost funding, resulting in the end of reviews of state telework practices.

Figure 6
Without a Telework Unit, the State Lacks Valuable Insights Into Teleworking Trends


BENEFITS
?
BARRIERS AND CHALLENGES
?
TRENDS
?
Without a unit like DGS's Telework Unit, no one is collecting information related to teleworking.

Source: Governor's 2024–25 budget, interviews with DGS staff, and State Auditor's survey of telework representatives at over 100 departments.

The Audit Committee asked us to assess whether there is a sufficient alternative structure for overseeing the State's telework policy. We believe that California and state departments' management could benefit from the support the telework unit previously provided. For example, DGS could conduct surveys or reviews to identify units in departments that are experiencing challenges or that have declining or inadequate productivity. DGS could then identify best practices for solutions to common problems and resources for other state departments to better manage their telework programs. The unit could also resume publishing the effects of telework on a public dashboard, which would allow the public to better understand the impact of having state employees telework. However, since the dissolution of the telework unit in 2024, the State lacks any review of telework policies and programs or insight into how well they are performing. The March 2025 executive order—which allows employees to telework one day per week—significantly limits the value such a unit could provide.

Other Areas We Reviewed

To address the audit objectives the Audit Committee approved, we also reviewed the following:

- Whether DGS, CalHR, and four auditor-selected departments performed cost-benefit analyses when changing their telework policies and practices.

- The types of challenges that departments faced when implementing telework and when changing their telework policies and practices.

- The financial impacts that changing telework schedules can have on state employees.

Departments We Reviewed Were Not Required to and Did Not Perform Cost-Benefit Analyses to Support Their Return-to-Office Decisions

The Audit Committee directed us to determine whether DGS and CalHR performed cost-benefit analyses when changing the statewide telework policy. Although we found no requirement in state law or SAM related to telework that departments had to perform such an analysis, neither DGS nor CalHR conducted such an analysis when developing the statewide telework policy. We also asked DGS, CalHR, CARB, CalPERS, Caltrans, and FTB whether they performed cost-benefit analyses when changing the telework policies that covered their individual departments, and we found that none of the six departments performed such analyses.

Department Surveys Have Identified Challenges and Opportunities in Implementing Telework Policies

The Audit Committee directed us to consider the challenges that these six departments experienced in administering their telework policies, and we identified challenges for all six of them. Table 2 lists some of the challenges that departments reported to us. For example, CalHR's chief deputy director explained that some job duties require in-office work because they rely on paper-based processes that had not been made fully electronic, such as processing payroll and checks and handling official personnel files. Table 2 also includes telework challenges we identified from our department and employee surveys, such as a reduced access to training opportunities that a CalPERS manager reported.

Table 2
The Departments We Reviewed Experienced Some Challenges When Implementing Telework

	TECHNOLOGY	TRAINING	SOCIAL INTERACTIONS		WORKFORCE DEVELOPMENT
DEPARTMENT	HARDWARE, SOFTWARE, COMFORT, AND PAPER-BASED TASKS	MANAGEMENT AND STAFF	ISOLATION OR INTERPERSONAL INTERACTIONS	CULTURE AND COLLABORATION	ONBOARDING, MENTORSHIP, AND RETENTION
DGS	X				
CalHR	X		X	X	
CARB			X	X	X
CalPERS		X		X	
Caltrans	X	X	X	X	
FTB	X	X	X	X	X

Source: State Auditor's surveys of managers and staff at four departments and of telework representatives at over 100 departments and interviews and documents received from DGS, CalHR, CARB, CalPERS, Caltrans, and FTB.

After reviewing departments' documentation and the results from our surveys of departments and department employees, we categorized the challenges that the departments faced. We identified and list in the text box four categories of challenges. The most common challenges departments reported facing involved social interactions and technology, with five of the six departments we reviewed reporting that they experienced challenges with social interactions. For example, CARB's deputy executive officer of internal operations explained that she became concerned that the social isolation incurred by fully remote teleworking was detrimental to CARB's work culture. The responses to CARB's survey of its employees supported her concern, and the organization updated its hybrid telework policy to ensure that it addressed this issue by having employees work in the office one day per week.

Categories of Telework Challenges State Departments Have Faced

- Technology
- Training
- Social Interactions
- Workforce Development

Source: Surveys of departments and employees and department interviews and documents.

Of our six reviewed departments, four—DGS, CalHR, Caltrans, and FTB—reported experiencing technological challenges. Some departments met the challenges by incorporating technology solutions where possible. For example, DGS noted that it acquired laptops for its teleworking employees to maintain business operations during the pandemic. DGS's chief information officer further explained that the use of software, such as Microsoft Teams, also facilitated effective communication and collaboration in its largely remote workforce. Similarly, FTB's director of its business and human resources bureau explained that its call center agents could not initially telework because of technology constraints; thus, it transitioned to a call center platform that allowed remote integration.

Return-to-Office Mandates Increase Costs and Reduce Work-Life Balance for State Workers, and Such Mandates May Increase Employee Turnover

When employees work in the office, they have higher transportation expenses. To present this information, we developed profiles for two hypothetical state employees who live in Elk Grove, California, and commute to work in a downtown Sacramento office, one commuting by personal vehicle and the other by public transportation. We modeled the potential impacts of changing telework schedules on state employees, and we used available data on the state workforce and real-world conditions. Because nearly 40 percent of state employees work in Sacramento County, we selected Elk Grove—the second largest city in the Sacramento region, which has a median income comparable to the average state employee income—to serve as the home location for the hypothetical workers to demonstrate these two commute options. Figure 7 shows examples of the financial impacts of different in-office requirements on two hypothetical state worker commute scenarios.

The hypothetical worker who commutes to work by personal vehicle drives about 31 miles a day commuting from Elk Grove to downtown Sacramento and back. Applying the CalHR mileage reimbursement rate of 70 cents per mile for personal vehicles, we estimate the cost of this trip at $21.42 per day before considering parking costs.[7] To balance cost and distance for this employee, we selected a city of Sacramento parking garage that has a commuter parking rate of $11 per day. Combining vehicle and parking costs, we estimate that this employee would spend over $3,100 per year commuting on a two-day per week in-office schedule and over $6,200 per year commuting on a four-day per week in-office schedule.

The employee who uses public transportation for their commute spends less than the driving employee. The hypothetical worker who commutes from Elk Grove via public transportation only has bus fare costs, for which the employee spends $480 per year on a two-day per week in-office schedule and $960 per year with a four-day per week in-office schedule. If the employee uses resources such as CalHR's mass transit commute program, the worker could receive reimbursements for mass transit costs of up to $325 per month in 2025, depending on the employee's bargaining unit.

We selected the Staff Services Analyst (SSA) classification for our hypothetical workers and found that commute costs can represent a large portion of their income. The SSA classification is the entry-level analyst position commonly used in state service and about 40 percent of state workers earn salaries within this position's pay range. We further selected a salary amount from the middle of the position's pay range: $5,081 per month, or $60,972 per year. An employee earning this salary would spend over 10 percent of their monthly income on a four-day in-office schedule on their commute costs driving from Elk Grove.

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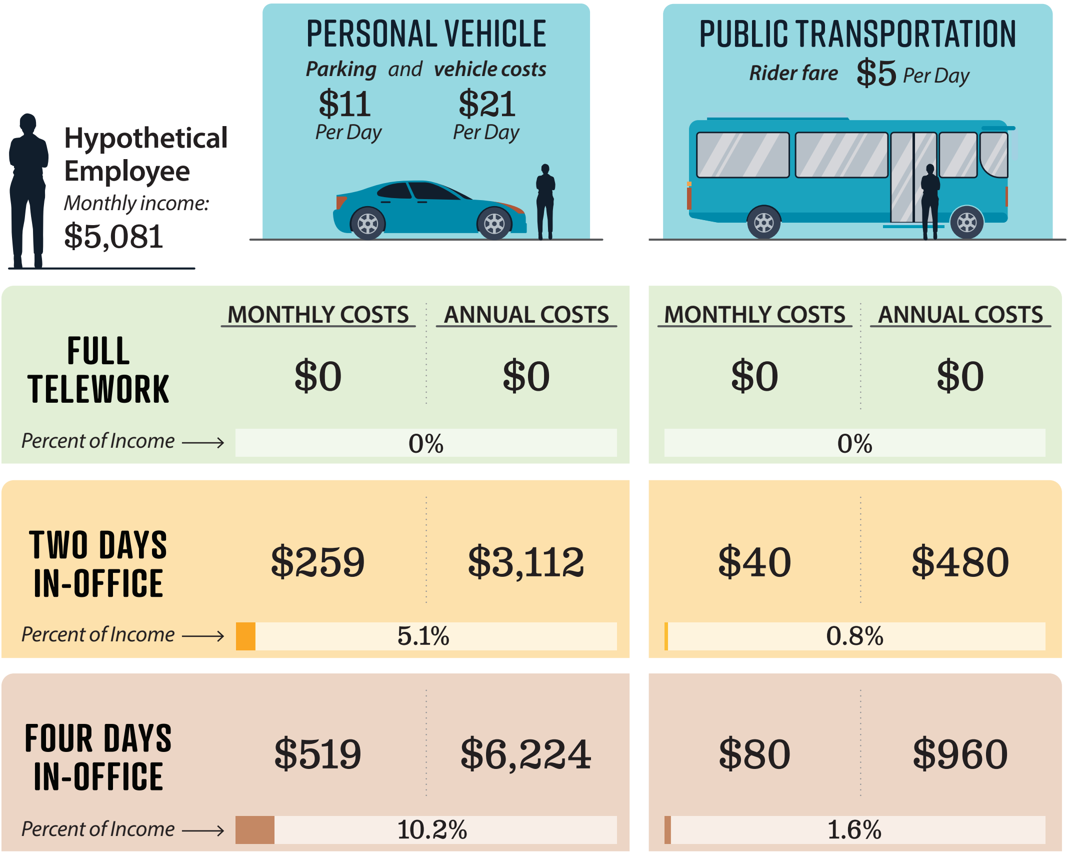
[7] State law does not allow reimbursement for commute expenses between employees' homes and their headquarters, except under limited circumstances. We used the mileage reimbursement rate as a proxy for vehicle expenses.

Figure 7
Commute Costs for a Hypothetical Elk Grove-Based State Employee Increase With In-Office Requirements



Source: CalHR, city of Sacramento, Google Maps, Internal Revenue Service (IRS), and Sacramento Regional Transit.

Note: All amounts rounded to the nearest dollar and estimated commutes are round trip. Vehicle costs are based on the IRS and CalHR mileage reimbursement rate of 70 cents per mile. A full telework schedule has no in-office days and no commute. Percent of income is based on a gross monthly income of $5,081 per month.

Increased costs and less personal free time for employees may negatively impact the State's operations by affecting the well-being and health of its workers. In response to the March 2025 executive order, CalHR published a website of state employee benefits and resources. On the website, CalHR recognizes that the transition to having employees work in the office four days per week could bring new financial, logistical, and work-life balance challenges for state employees. One of our surveys, included in Appendix B, reflects employee perspectives on the impact of returning to the office. We found that 81 percent of respondents reported increased costs in such categories as commutes and childcare following their departments' return to the office. Of employees who responded, 63 percent indicated that the return-to-office decision reduced their personal free time. In contrast, a majority of employees responded that the implementation of telework at the start of the pandemic had improved their work-life balance.

These factors may also affect the State's ability to retain the workforce necessary to maintain its operations. In response to our survey of departments, included in Appendix A, 46 percent of respondents reported that it is more difficult to recruit and retain employees as a result of requiring employees to work periodically in the office. Several respondents to our employee survey indicated that they could use the time saved by avoiding commutes either with their families or to get better sleep. Caltrans' telework survey and focus group results reflected similar employee perspectives on family and sleep. It is important for state employees to attend to their families and obtain sufficient sleep to reduce distractions at work and improve overall health and well-being.

State employee commutes also add CO2 emissions to the environment, which appears contrary to the State's net-zero emissions goals. DGS collected data on the benefits of telework for its dashboard from October 2021 through December 2023, which showed cumulative savings of nearly 393,000 metric tons of CO2 emissions from commutes across 121 departments. Because the typical passenger vehicle emits about 4.6 metric tons of CO2 per year, the dashboard's estimate is equivalent to the annual emissions of over 85,000 cars. Some state employees also commented in response to our survey that they disagreed with the April 2024 directive because it increases emissions associated with commuting and conflicts with their environmental agency's purpose to reduce the effects of air pollution.

The Legislature has declared through state law that the impacts of global warming pose a serious threat to the economic well-being, public health, natural resources, and the environment of California and will have detrimental effects on California's largest industries and increase the strain on electricity supplies. The impacts of climate change magnify as greenhouse gas emissions rise with increased commuting by passenger vehicles. The Legislature has also declared that California has long been a national and international leader in environmental stewardship efforts in areas such as air quality protections and has placed responsibilities on certain departments to play a role in continuing California's tradition of environmental leadership to reduce emissions of greenhouse gases.

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Recommendations

Legislature

If the Legislature would like to achieve some of the potential savings that we have identified in our assessment of the use of office space under teleworking conditions, it should amend state law to require departments to identify positions that can successfully telework three or more days per week and to offer this level of telework to those employees. The law should also require these departments to then reduce their overall office space usage, if prudent, such as by consolidating office space in state-owned buildings and ending leases in commercially owned buildings.

Department of General Services

To facilitate departments in measuring whether their telework programs benefit the State and its employees, DGS should update the statewide telework policy to provide guidance for departments to follow when evaluating their telework programs' effectiveness in meeting the goals of the statewide telework policy.

We conducted this performance audit in accordance with generally accepted government auditing standards and under the authority vested in the California State Auditor by Government Code section 8543 et seq. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Respectfully submitted,

Grant Parks

GRANT PARKS
California State Auditor

August 12, 2025

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Appendix A

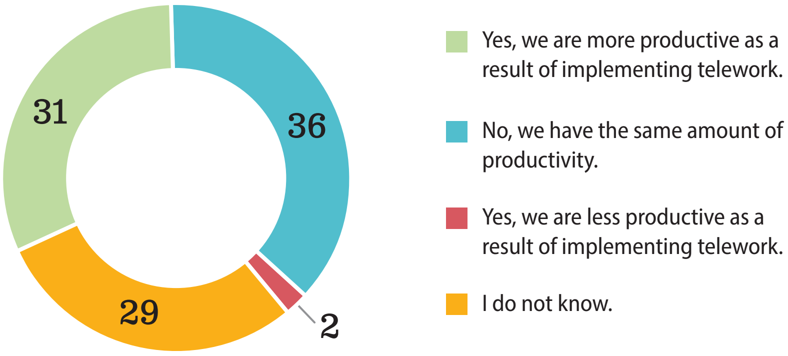
Results of Our Telework Survey of State Departments

We conducted a survey of state departments to obtain information about their telework policies and practices and outcomes related to telework and the April 2024 return-to-office directive. The survey collected responses from January 16 through February 24, 2025, before the Governor issued the March 2025 executive order, which generally requires state employees to work in the office at least four days per week. We distributed the telework survey to 137 state agencies, departments, offices, councils, boards, and commissions (departments) and received 101 valid responses, which primarily came from the department's human resources director, personnel officer, administrative director, telework coordinator, or employee relations director, resulting in a response rate of 74 percent.[8] The responses to the survey generally suggest that telework has resulted in minimal changes to productivity or customer service and has benefited departments.

For example, as Figure A1 shows, most responding departments indicated that telework has either improved or resulted in no change to their organizational productivity.

Figure A1

Has your department's organizational productivity changed as a result of implementing telework?



Source: State Auditor's survey of telework representatives at over 100 departments.

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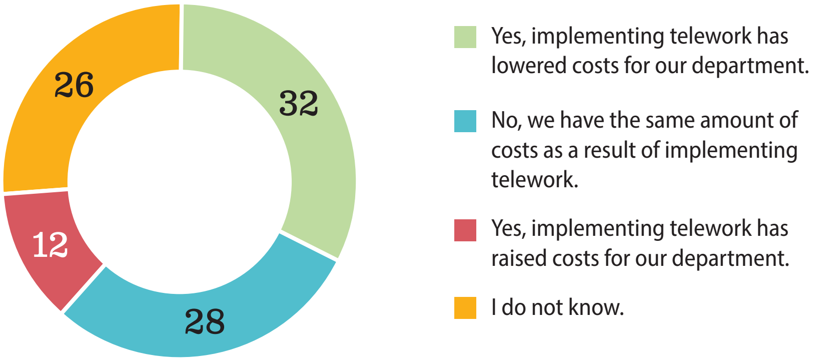
[8] Departments did not always respond to every question in the survey. As a result, the responses to some questions do not add to 101.

Figure A2 shows that for most departments, telework either reduced or resulted in no changes to their costs.

Figure A2

Have your department's costs changed as a result of implementing telework?

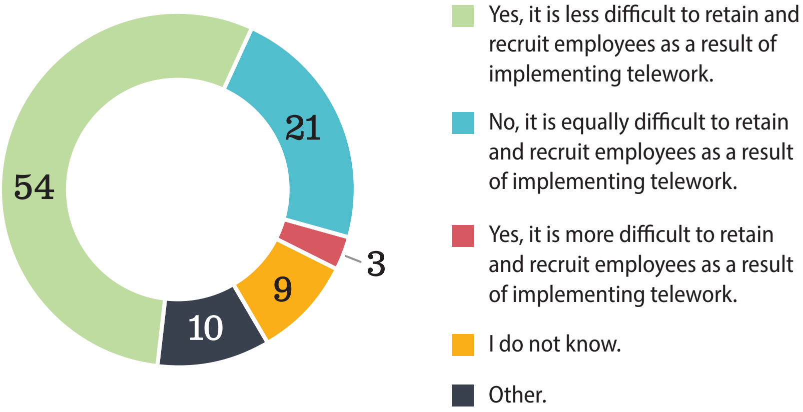


Source: State Auditor's survey of telework representatives at over 100 departments.

Most responding departments also answered that the implementation of telework improved their abilities to recruit and retain employees, as Figure A3 shows.

Figure A3

As a result of the initial implementation of telework, did your department's ability to recruit and retain employees change?

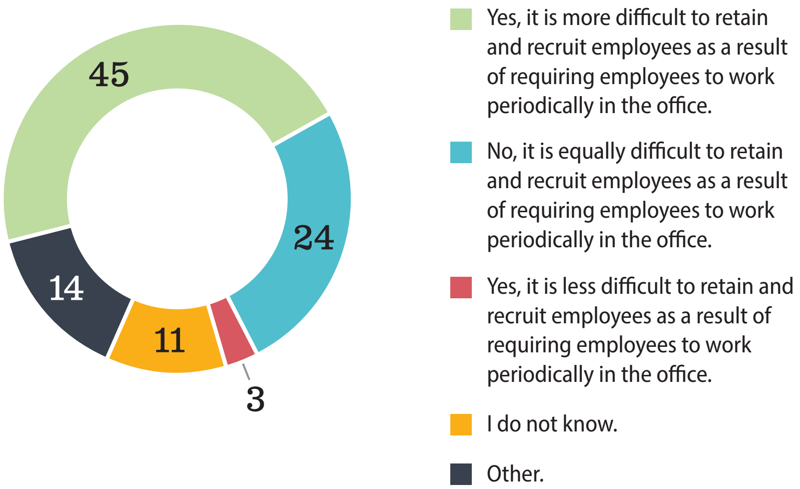


Source: State Auditor's survey of telework representatives at over 100 departments.

However, nearly half of departments indicated that requiring employees to periodically work in the office has diminished the departments' abilities to recruit and retain employees, as Figure A4 shows.

Figure A4

Has your department's ability to recruit and retain employees changed as a result of requiring employees to periodically work in the office?

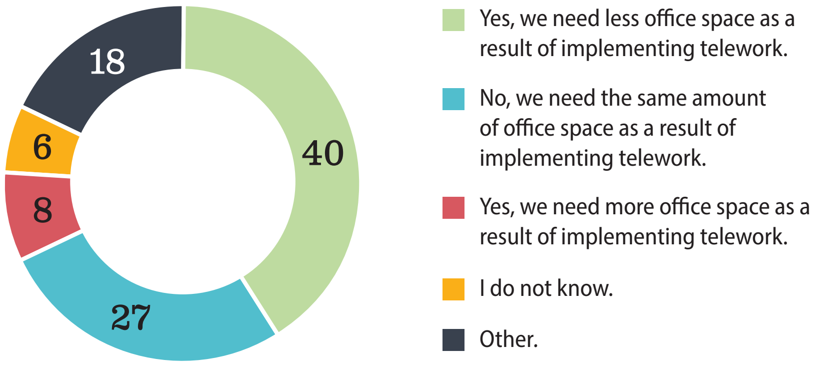


Source: State Auditor's survey of telework representatives at over 100 departments.

Finally, more than 40 percent of responding departments answered that they needed less office space because of implementing telework, as Figure A5 shows.

Figure A5

Has your department's telework program affected the amount of office space your department needs?



Source: State Auditor's survey of telework representatives at over 100 departments.

Table A1 presents the complete results from the survey of departments, excluding responses to narrative or open-ended questions.

Table A1

Does your department monitor or track the number of employees who telework?	Total	Percent
Yes	101	100%
No	0	0
According to the department's current telework policy or practices, how many days are telework-eligible employees expected to be in the office?	**Total**	**Percent**
0	9	9%
1	2	2
2	82	81
3	7	7
4	1	1
Is it the policy of your department to encourage employees to telework when eligible?	**Total**	**Percent**
Yes, we proactively encourage employees to telework.	45	45%
No, we do not encourage employees to telework.	1	1
We neither encourage nor discourage employees from teleworking.	55	54
Has your department changed its telework policy or practices in the last 6 months?	**Total**	**Percent**
Yes, my department changed its telework policy or practices in the last 6 months.	19	19%
No, my department did not change its telework policy or practices in the last 6 months.	82	81
Did your department permit telework-eligible employees to telework five days per week prior to the Governor's Office directive in April 2024?	**Total**	**Percent**
Yes	70	69%
No	31	31
Regarding the policy my department submitted in 2022, the Department of General Services provided sufficient guidance on how to develop a compliant telework policy.	**Total**	**Percent**
Strongly Agree	19	19%
Agree	56	56
Slightly Agree	19	19
Disagree	3	3
Slightly Disagree	2	2
Strongly Disagree	1	1
Does your department's current telework policy describe the department's financial responsibilities in regard to its telework program, such as who is responsible for purchasing equipment needed to telework?	**Total**	**Percent**
Yes, our telework policy outlines the department's financial responsibility.	97	97%
No, our telework policy does not cover the department's financial responsibilities.	3	3

Does your telework policy describe the process for how employees will be notified of their eligibility to participate in telework?	Total	Percent
Yes, the telework policy includes the process.	89	89%
No, the policy does not include the process.	11	11
Did the Department of General Services provide technical assistance during development of your department's telework policy?	**Total**	**Percent**
Yes	63	63%
No	37	37
Following the completion of your department's telework policy in 2022, did your department request any other one-time or ongoing assistance or guidance from the Department of General Services in regard to your telework program?	**Total**	**Percent**
Yes	13	13%
No	87	87
Did the Department of Human Resources (CalHR) provide technical assistance or guidance during the development of your department's telework policy?	**Total**	**Percent**
Yes	31	31%
No	69	69
Following the completion of your department's telework policy in 2022, did your department request any other one-time or ongoing assistance or guidance from CalHR in regard to your telework program?	**Total**	**Percent**
Yes	16	16%
No	84	84
Did your department use requirements from the statewide telework policy (SAM 0181) to determine which classifications/positions qualify for telework?	**Total**	**Percent**
Yes, our department used the guidance from the policy to determine which classifications/positions qualify for telework.	80	80%
No, our department did not use the guidance from the policy to determine which classifications/positions qualify for telework.	20	20
Has your department's telework program affected the amount of office space your department needs?	**Total**	**Percent**
Yes, we need less office space as a result of implementing telework.	40	41%
Yes, we need more office space as a result of implementing telework.	8	8
No, we need the same amount of office space as a result of implementing telework.	27	27
I do not know.	6	6
Other	18	18

As of January 1, 2025, has your department added any shared work stations to your office space? The term work station refers to the desk or place where the employee completes work. A shared work station is used by more than one person at varying times. This concept is also referred to as hoteling.	Total	Percent
Yes, we added shared workstations.	62	63%
No, we did not add any shared workstations.	37	37

continued on next page . . .

Since the implementation of telework in 2020, has your department established any satellite offices or other designated work locations to accommodate those employees who do not live near their assigned headquarters or normal reporting location?	Total	Percent
Yes	24	24%
No	75	76

Has your department experienced any challenges or barriers in implementing a telework policy and program?	Total	Percent
Yes	35	35%
No	64	65

Has your department conducted analyses to determine the benefits and/or drawbacks of your telework policy or telework practices?	Total	Percent
Yes	43	44%
No	55	56

If your department conducted analyses, which areas did your department analyze? Please select all that apply.	Total	Percent
Labor market competition and retention of employees	20	47%
Carbon/greenhouse gas emissions associated with commuting	15	35
Employee performance or productivity	38	88
Impact on annual leave, vacation, or sick leave used by employees	15	35
Employee cost of living and commuting costs	19	44
Leasing or property management considerations (i.e. rent or required space)	22	51
Ability to provide training to employees	33	77
Ability to mentor or develop new employees	28	65
Team building or department culture	39	91
Responsiveness	23	53

Has your department's organizational productivity changed as a result of implementing telework?	Total	Percent
Yes, we are more productive as a result of implementing telework.	31	32%
Yes, we are less productive as a result of implementing telework.	2	2
No, we have the same amount of productivity.	36	37
I do not know.	29	30

Have your department's costs changed as a result of implementing telework?	Total	Percent
Yes, implementing telework has lowered costs for our department.	32	33%
Yes, implementing telework has raised costs for our department.	12	12
No, we have the same amount of costs as a result of implementing telework.	28	29
I do not know.	26	27

As a result of the initial implementation of telework, did your department's ability to recruit and retain employees change?	Total	Percent
Yes, it is less difficult to retain and recruit employees as a result of implementing telework.	54	56%
Yes, it is more difficult to retain and recruit employees as a result of implementing telework.	3	3

No, it is equally difficult to retain and recruit employees as a result of implementing telework.	21	22
I do not know.	9	9
Other	10	10

Has your department's ability to recruit and retain employees changed as a result of requiring employees to periodically work in the office?	**Total**	**Percent**
Yes, it is less difficult to retain and recruit employees as a result of requiring employees to work periodically in office.	3	3%
Yes, it is more difficult to retain and recruit employees as a result of requiring employees to work periodically in office.	45	46
No, it is equally difficult to retain and recruit employees as a result of requiring employees to work periodically in office.	24	25
I do not know.	11	11
Other	14	15

Has your department's level of customer service changed as a result of implementing telework? This includes internal and external customer service.	**Total**	**Percent**
Yes, implementing telework has improved our customer service.	12	12%
Yes, implementing telework has hurt our customer service.	3	3
No, implementing telework has not affected our customer service.	66	68
I do not know.	12	12
Other	2	2
Not applicable.	2	2

What were the primary factors that contributed to your department's current telework policy?*	**Rank**
Hiring and retention	1
Productivity and performance	2
Office of the Governor's return-to-office mandate	3
Quality of customer service	4
Cost savings	5
Environmental impacts	6
In-person training needs	7
Other	8

Source: State Auditor's survey of telework representatives at over 100 departments.

Note: Percentages do not always total to 100 because of rounding.

* We asked respondents to rank the reasons provided with 1 being the most important. We analyzed the results and ranked the answers from 1 to 8, with 1 being the most common. Note that answers to this question do not necessarily reflect changes to policies or practices resulting in more in-office days, though they may.

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Appendix B

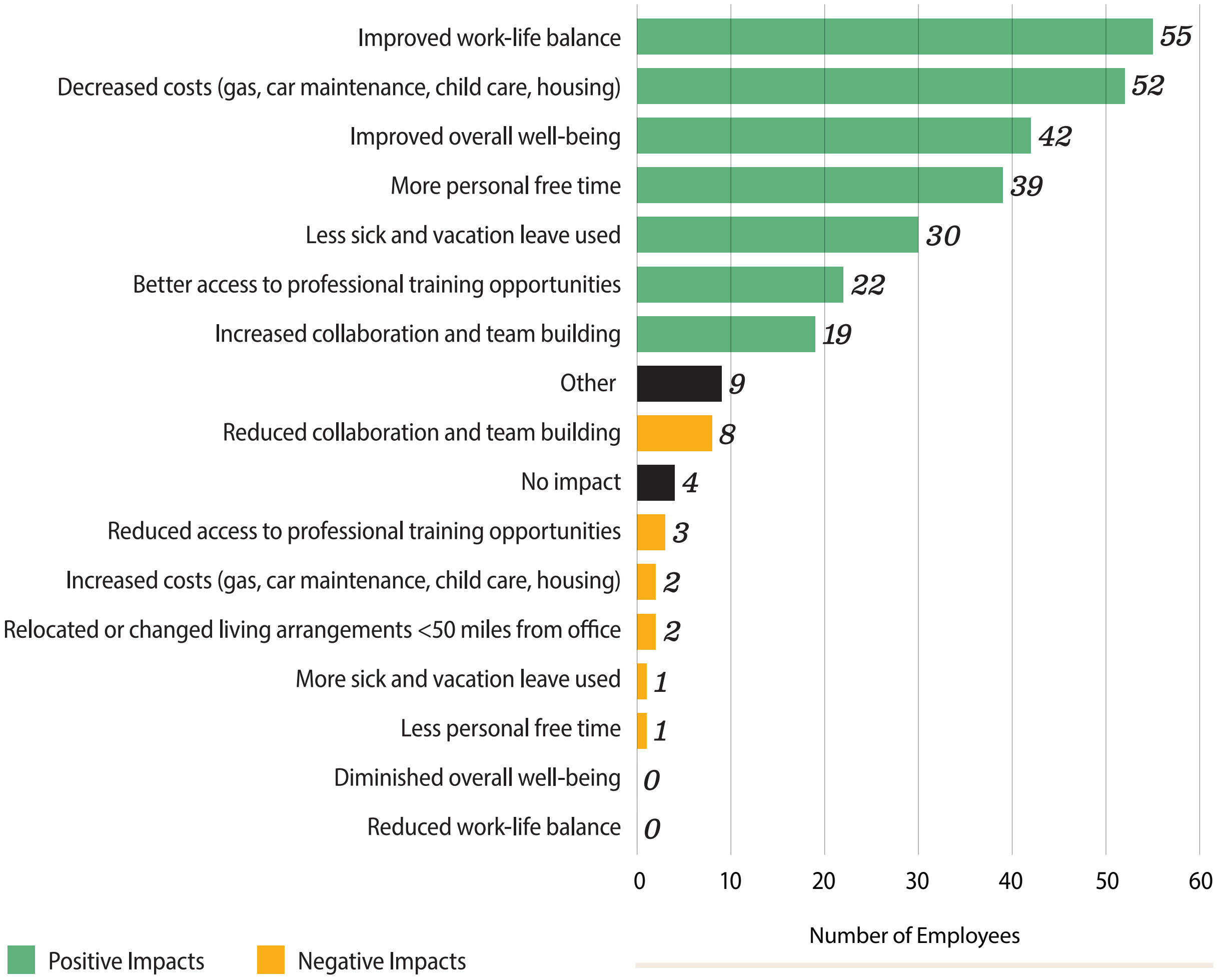
Results of Our Telework Survey of State Employees

We conducted a targeted survey of managers, supervisors, and staff to provide information about their department's telework policies, outcomes related to telework for their divisions or units, and their perspectives on telework and policy changes. We selected a total of 80 employees from CalPERS, Caltrans, CARB, and FTB. The survey collected responses from February 10 through March 3, 2025, which was—coincidentally—the same day the Governor issued the executive order to generally require state employees to work in the office at least four days per week. We received a total of 64 valid responses, resulting in a response rate of 80 percent.

Responses to this survey demonstrate that telework has provided state employees with several benefits, as Figure B1 shows.

Figure B1

How did the implementation of telework impact your personal and professional life?

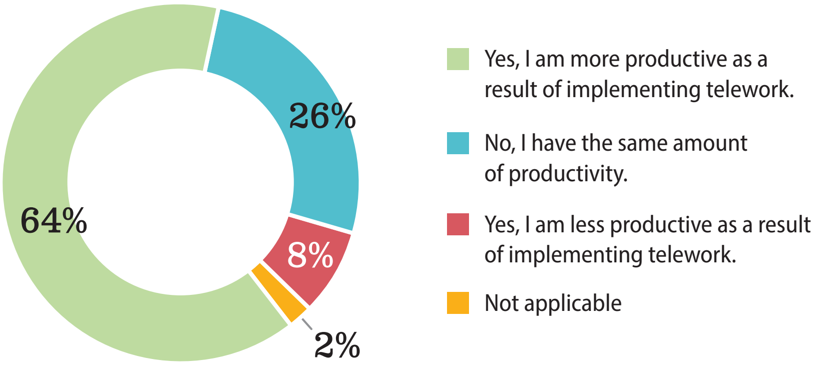


Source: State Auditor's survey of managers and staff at four departments.

Figure B2 shows that most responding employees indicated that the implementation of telework improved or did not change their individual productivity.

Figure B2

Has your individual productivity changed as a result of implementing telework?

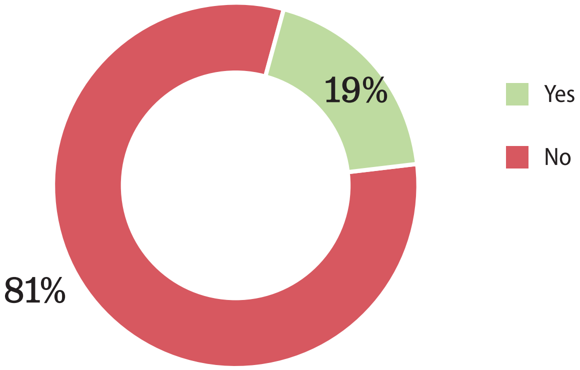


Source: State Auditor's survey of managers and staff at four departments.

Figure B3 shows that the majority of responding employees did not agree with the requirement to work in-office a minimum of two days per week.

Figure B3

Do you agree with the requirement to work in-office a minimum of two days per week?

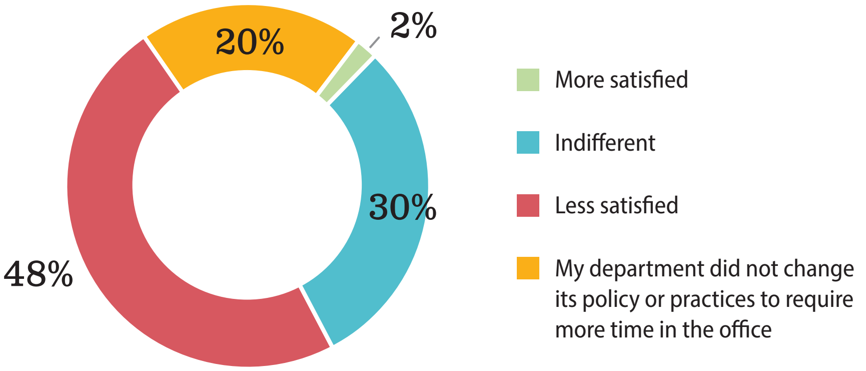


Source: State Auditor's survey of managers and staff at four departments.

Figure B4 shows that nearly half of respondents reported decreased job satisfaction since the April 2024 directive.

Figure B4

How has your job satisfaction level changed since the implementation of the return to office directive in 2024?



Source: State Auditor's survey of managers and staff at four departments.

Table B1 presents the complete results of this survey, excluding narrative responses.

Table B1

Are you a manager or supervisor?

	CalPERS	Caltrans	CARB	FTB	Total
Yes	8	9	5	8	30
No	7	7	9	11	34

How long have you worked at your department?

	Manager and Supervisor	Staff	Total	Percent
Fewer than 6 months	1	0	1	2%
6 months - 1 year	1	1	2	3
1-2 years	0	6	6	9
2-3 years	3	4	7	11
3-4 years	2	1	3	5
5 or more years	23	22	45	70

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Before the Governor's 2024 return to office directive, how many days per week did you telework?

	Manager and Supervisor	Staff	Total	Percent
2 or fewer days	10	8	18	29%
3 - 4 days	5	8	13	21
5 days (fully remote)	12	17	29	46
Other	2	1	3	5

On average, how many days per week do you currently telework (as of Feb. 2025)?

	Manager and Supervisor	Staff	Total	Percent
1 day	1	0	1	2%
2 days	11	13	24	38
3 days	16	16	32	50
4 days	0	2	2	3
5 days	2	3	5	8
Other	0	0	0	0

Has your individual productivity changed as a result of implementing telework?

	Manager and Supervisor	Staff	Total	Percent
Yes, I am more productive as a result of implementing telework.	20	21	41	64%
No, I have the same amount of productivity.	6	11	17	27
Yes, I am less productive as a result of implementing telework.	3	2	5	8
Not applicable	1	0	1	1

Managers and Supervisors: Has your division/unit's organizational productivity changed as a result of implementing telework?

Yes, my division/unit is more productive as a result of implementing telework.	15	50%
No, my division/unit has the same amount of productivity.	5	17
Yes, my division/unit is less productive as a result of implementing telework.	5	17
Not applicable	1	3
Other	4	13

Managers and Supervisors: Has your division/unit's ability to retain and recruit employees changed as a result of implementing telework?

Yes, it is more difficult to retain and recruit employees as a result of implementing telework.*	6	20%
No, it is equally difficult to retain and recruit employees.	4	13
Yes, it is less difficult to retain and recruit employees as a result of implementing telework.	13	43
Not applicable	2	7
Other	5	17

Managers and Supervisors: Has your division/unit's level of customer service changed as a result of implementing telework?		
Yes, implementing telework has improved our customer service.	11	37%
No, implementing telework has not affected our customer service.	15	50
Yes, implementing telework has hurt our customer service.	1	3
Not applicable	2	7
Other	1	3

Managers and Supervisors: Are employees in your division/unit who telework 3 days or more per week as productive, more productive, or less productive than employees who telework fewer days per week?		
More productive	10	33%
No difference	2	7
Less productive	1	3
Not applicable—the staff in my division/unit telework the same number of days per week.	17	57

What circumstances prompted your department to alter its policy or practices to require hybrid work or a minimum of two days in office? Please select all that apply.	Manager and Supervisor	Staff	Total	Percent
Governor's 2024 Directive	21	24	45	70%
Changes in worker productivity	2	0	0	3
Accountability	4	0	4	6
Training and mentoring of new staff	2	3	5	8
Team building and collaboration	10	1	11	17
Operational needs	5	5	10	16
My department did not change telework policy or practices	1	5	6	9
Other	3	4	7	11

Do you agree with the requirement to work in-office a minimum of two days per week?	Manager and Supervisor	Staff	Total	Percent
Yes	6	6	12	19%
No	24	28	52	81

How satisfied are you with your department's current telework policy or practice?	Manager and Supervisor	Staff	Total	Percent
Very satisfied	2	8	10	16%
Satisfied	4	5	9	14
Indifferent	7	8	15	23
Dissatisfied	10	8	18	28
Very dissatisfied	7	5	12	19

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How has your job satisfaction level changed since the implementation of the return to office directive in 2024?

	Manager and Supervisor	Staff	Total	Percent
More satisfied	0	1	1	2%
Indifferent	5	14	19	30
Less satisfied	19	12	31	48
Department did not change its policy or practices to require more time in the office.	6	7	13	20

How did the implementation of telework impact your personal and professional life following the 2020 COVID work from home directive? Please select all that apply.

	Manager and Supervisor	Staff	Total	Percent
Reduced work-life balance	0	0	0	0%
Improved work-life balance	25	30	55	86
Diminished overall well-being	0	0	0	0
Improved overall well-being	19	23	42	66
Relocated or changed living arrangements <50 miles from office	1	1	2	3
Decreased costs (gas, car maintenance, child care, housing)	23	29	52	81
Increased costs (gas, car maintenance, childcare, housing)	2	0	2	3
Less personal free time	1	0	1	2
More personal free time	17	22	39	61
Better access to professional training opportunities	10	12	22	34
Reduced access to professional training opportunities	3	0	3	5
Increased collaboration and team building	8	11	19	30
Reduced collaboration and team building	6	2	8	13
More sick and vacation leave used	1	0	1	2
Less sick and vacation leave used	13	17	30	47
No impact	0	4	4	6
Other	4	5	9	14

How has the 2024 post-COVID return to office directive impacted your personal and professional life? Please select all that apply.

	Manager and Supervisor	Staff	Total	Percent
Reduced work-life balance	20	20	40	63%
Improved work-life balance	1	1	2	3
Diminished overall well-being	18	19	37	58

Improved overall well-being	0	1	1	2
Relocated or changed living arrangements <50 miles from office	0	2	2	3
Decreased costs (gas, car maintenance, childcare, housing)	0	1	1	2
Increased costs (gas, car maintenance, childcare, housing)	23	29	52	81
Less personal free time	18	22	40	63
More personal free time	0	0	0	0
Better access to professional training opportunities	1	1	2	3
Reduced access to professional training opportunities	4	4	8	13
Increased collaboration and team building	6	1	7	11
Reduced collaboration and team building	5	5	10	16
More sick and vacation leave used	13	13	26	41
Less sick and vacation leave used	0	0	0	0
No impact	4	5	9	14
Other	5	5	10	16

Is it the policy of your department to encourage employees to telework when eligible?

	Manager and Supervisor	Staff	Total	Percent
Yes, my department proactively encourages employees to telework	7	7	14	22%
My department neither encourages nor discourages employees from teleworking	15	21	36	56
No, my department does not encourage employees to telework and prefers employees to work in the office	2	4	6	9
Other	6	2	8	13

Managers and Supervisors: Did your department request your input or information about your division prior to changing its telework policy or practices in 2024?

Yes	2	7%
My department did not change its telework policy or practices in 2024.	9	30
No	19	63

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Who do you go to when you have questions about telework? Please select all that apply.

	Manager and Supervisor	Staff	Total	Percent
Manager or supervisor	28	33	61	95%
Telework coordinator or someone from HR	11	5	16	25
DGS	0	0	0	0
CalHR	0	2	2	3
Other	1	0	1	2

Source: State Auditor's survey of managers and staff at four departments.

Note: Percentages do not always total to 100 because of rounding.

* Many respondents who indicated that retention and recruitment became more difficult explained that the return-to-office made their organization less competitive than jobs offering full-time telework.

Appendix C

Detailed State-Owned Office Building Costs and Potential Space Saving Options

The Audit Committee directed us to review the costs to DGS of maintaining or leasing its current office space for state employees and to determine whether DGS could achieve savings in these costs by reducing the office space it maintains or leases for employees. The committee further directed us to determine whether those potential savings would be reduced by using a hybrid in-office and telework approach for state employees. We collected data from DGS on the State's costs associated with the seven buildings we selected for review from fiscal years 2021–22 through 2023–24. Table C1 organizes this information into the following major cost categories: operations and maintenance staff, building supplies and commodities, recurring maintenance and repairs, equipment, utilities, and bond payments.

We also collected information from many of the departments located in these buildings and estimated the potential for reducing the number of workstations and associated cost savings possible at each building under three different telework scenarios: one in which telework-eligible employees are fully remote, one in which telework-eligible employees worked in the office two days per week, and one in which telework-eligible employees worked in the office three or more days per week. Table C2 presents these results. Our calculations assume one workstation for every employee who works at least three days per week in the office, one workstation for every two employees who work two days per week in the office, and one workstation for every three employees who work a full-time telework schedule and need use of office facilities only intermittently. The estimated cost savings do not represent the actual cost savings to the State, which would need to consider its existing financing for state-owned buildings and existing commercial leases when making decisions related to office space usage.

Table C1
Annual Costs for Selected State-Owned Buildings (in Dollars)

Building	Fiscal Year	Operations and Maintenance Staff	Building Supplies and Commodities	Recurring Maintenance and Repairs	Equipment	Utilities	Bond Payment	Total
Franchise Tax Board	2021–22	$7,015,721	$961,711	$773,745	$70,753	$2,895,506	$15,605,000	$27,322,436
	2022–23	7,103,283	921,668	935,999	74,373	3,558,047	15,600,000	28,193,370
	2023–24	7,540,784	970,227	782,790	26,573	3,284,468	15,600,000	28,204,842
Capitol Area East End Complex	2021–22	$5,444,136	$443,846	$3,612,908	$57,409	$2,101,414	$27,667,000	$39,326,713
	2022–23	5,937,433	411,964	4,943,412	36,125	2,501,172	27,642,000	41,472,106
	2023–24	6,118,348	540,073	4,463,513	43,070	2,084,921	27,620,000	40,869,925
May Lee Office Complex*	2021–22	$3,693	$0	$0	$0	$0	$0	$3,693
	2022–23	20,081	0	0	0	0	0	20,081
	2023–24	556,451	426,344	1,046,990	508,837	106,888	0	2,645,510
Ronald Reagan State Building	2021–22	$2,378,042	$240,750	$1,795,880	$207,592	$1,354,062	$0	$5,976,326
	2022–23	2,737,260	320,255	2,373,034	0	1,594,529	0	7,025,078
	2023–24	3,294,747	257,848	1,402,752	0	1,776,646	0	6,731,993
Ronald M. George State Office Complex	2021–22	$2,056,083	$334,302	$4,978,027	$4,207	$1,595,277	$19,830,000	$28,797,896
	2022–23	2,320,962	372,683	7,312,728	19,080	1,427,899	0	11,453,353
	2023–24	2,435,936	206,152	6,440,028	16,470	1,658,541	0	10,757,127
Cal/EPA Headquarters*	2021–22	$0	$0	$0	$0	$0	$12,287,000	$12,287,000
	2022–23	0	0	851	0	0	12,280,000	12,280,851
	2023–24	2,435,037	886,237	1,195,380	198,297	388,704	0	5,103,655
Elihu M. Harris Building	2021–22	$1,955,332	$172,639	$3,019,959	$5,463	$1,895,241	$9,962,000	$17,010,634
	2022–23	1,799,553	237,694	3,831,004	49,121	2,239,369	9,963,000	18,119,741
	2023–24	1,647,241	225,615	4,453,481	6,103	2,585,455	0	8,917,895

Source: DGS cost data.

* For the Cal/EPA and May Lee buildings, some categories are zero because DGS did not manage the Cal/EPA building before fiscal year 2023–24 and May Lee did not open until fiscal year 2023–24. The State issued $57.3 million in bond payments for May Lee in fiscal year 2024–25.

Table C2
Estimated Cost Savings Under Different Telework Requirements

		Full-Time Telework		*Two Days In-Office*		*Three or More Days In-Office*	
Building	**Total Building Cost Fiscal Year 2023–24**	**Workstation Reduction Possible**	**Associated Cost Savings**	**Workstation Reduction Possible**	**Associated Cost Savings**	**Workstation Reduction Possible**	**Associated Cost Savings**
Franchise Tax Board	$28,204,842	57%	$16,076,760	43%	$12,128,082	3%	$846,145
Capitol Area East End Complex	40,869,925	53	21,661,060	36	14,713,173	0	0
May Lee Office Complex	2,645,510	60	1,587,306	45	1,190,480	1	26,455
Ronald Reagan State Building	6,731,993	62	4,173,836	52	3,500,637	21	1,413,719
Ronald M. George State Office Complex	10,757,127	64	6,884,561	54	5,808,849	23	2,474,139
Cal/EPA Headquarters	5,103,655	55	2,807,010	40	2,041,462	0	0
Elihu M. Harris Building	8,917,895	52	4,637,305	41	3,656,337	7	624,253

Source: DGS and tenant departments' data.

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Appendix D

Costs and Workstation Usage of Large State Office Properties

We determined the annual cost to the State to maintain seven of the largest office properties in DGS's real estate portfolio. Using data from 19 departments located in these buildings, we estimated the utilization rates of each building by determining the number of employees on-site on the busiest day of a typical week in February 2025. We further calculated workstation needs for each building under different telework scenarios. The workstation estimates we provide in Figures D1 through D6 rely on formulas developed by the Oregon state government and assume a 3:1 worker-to-desk ratio for a scenario in which all telework-eligible employees are fully remote, a 2:1 ratio for a two-day per week in-office requirement, and a 1:1 ratio for an in-office requirement of three or more days per week. Our estimates also include a 10 percent adjustment to allow for future growth in each department. Departments still have workstation needs when all telework-eligible employees are fully remote because some employees are not eligible and must always work in the office, and even fully remote employees may need intermittent use of office facilities. Figure 5 shows results for the Capitol East End Area Complex. Figures 5 and D1 through D6 demonstrate that under the two-day per week in-office requirement, each building has a significant amount of underused office space.

Figure D1

About 80 Percent of Workstations in the Reagan Building Are Typically Empty on the Busiest Day Under a Two Day Per Week In-Office Requirement

RONALD REAGAN STATE BUILDING – LOS ANGELES

Around 300 employees from the entities we reviewed tended to work in the office on the busiest day of a typical week in January 2025.

Around 1,400 workstations were empty even on the busiest day.

Entities we did not review occupy 141,681 square feet or 25% of total office space.

Total square feet:	1,130,287
Square feet allocated for office space:	573,242

DEPARTMENTS REVIEWED

Department of Justice (DOJ)
Square feet: 212,271
Employees: 564

Second District Court of Appeal (2nd DCA)
Square feet: 119,137
Employees: 219

California Department of Insurance (CDI)
Square feet: 100,153
Employees: 383

Total employees: 1,166

SPACE SAVINGS POTENTIAL

By teleworking more often and expanding desk sharing, DOJ, 2nd DCA, and CDI could reduce the number of workstations used.

Current number of workstations:
1,681

Workstation needs if fully remote:
469 (62% fewer)

Hybrid 2 days/week in office:
636 (52% fewer)

Hybrid 4 days/week in office:
1,156

The State could reduce number of workstations by 21%, accounting for future workforce growth

COSTS

Fiscal Year	*Operations and Maintenance Staff*	*Building Supplies and Commodities*	*Recurring Maintenance and Repairs*	*Equipment*	*Utilities*	*Bond Payments*[*]	*Total*
2021–22	$2,378,000	$241,000	$1,796,000	$208,000	$1,354,000	$0	$5,976,000
2022–23	$2,737,000	$320,000	$2,373,000	$0	$1,595,000	$0	$7,025,000
2023–24	$3,295,000	$258,000	$1,403,000	$0	$1,777,000	$0	$6,732,000

Source: DGS, 2nd DCA, CDI, and DOJ Data.

[*] The State made its last bond payment for this property in fiscal year 2010–11.

Figure D2
About 50 Percent of Workstations at the Cal EPA Building Are Typically Empty on the Busiest Day Under a Two Day Per Week In-Office Requirement

CAL EPA BUILDING – SACRAMENTO

Around 2,000 employees from the entities we reviewed tended to work in the office on the busiest day of a typical week.*

Around 1,900 workstations were empty even on the busiest day.

Entities we did not review occupy 51,950 square feet or 6.7% of total office space.

Total square feet:	950,000
Square feet allocated for office space:	776,135

DEPARTMENTS REVIEWED

California Air Resources Board (CARB)
Square feet: 211,420
Employees: 1,154

State Water Resources Control Board (Water Boards)
Square feet: 204,780
Employees: 976

Department of Recycling and Recovery (CalRecycle)
Square feet: 113,961
Employees: 812

Department of Pesticide Regulation (CDPR)
Square feet: 110,162
Employees: 356

Department of Toxic Substances Control (DTSC)
Square feet: 93,862
Employees: 367

Total employees: 3,665

SPACE SAVINGS POTENTIAL

By teleworking more often and expanding desk sharing, CalEPA departments could reduce the number of workstations used.

Current number of workstations:
3,858

Workstation needs if fully remote:
1,351 (55% fewer)

Hybrid 2 days/week in office:
1,915 (40% fewer)

Hybrid 4 days/week in office:
3,630

No space savings possible accounting for future workforce growth.

COSTS

Fiscal Year	*Operations and Maintenance Staff*	*Building Supplies and Commodities*	*Recurring Maintenance and Repairs*	*Equipment*	*Utilities*	*Bond Payments*	*Total*
2021–22[†]	$0	$0	$0	$0	$0	$12,280,000	$12,287,000
2022–23[†]	$0	$0	$1,000	$0	$0	$12,280,000	$12,281,000
2023–24	$2,435,000	$886,000	$1,195,000	$198,000	$389,000	$0[‡]	$5,104,000

Source: DGS, CARB, Water Boards, CalRecycle, CDPR, and DTSC data.

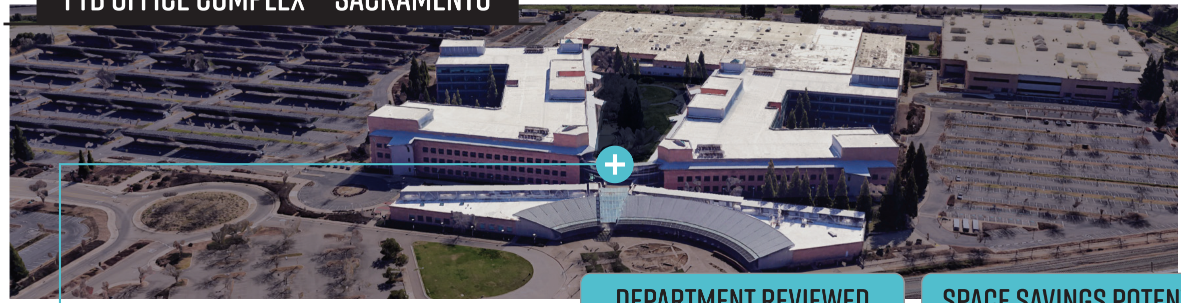
* Data collected from the different departments varied by time period, but all were taken while the two-days in-office requirement was in effect, from December 2024 to March 2025.

[†] Full cost data before fiscal year 2023–24 are not available because DGS had not yet acquired the building.

[‡] The State made its last bond payment for this property in May 2023.

Figure D3
About 60 Percent of Workstations in the FTB Office Complex Are Typically Empty on the Busiest Day Under a Two Day Per Week In-Office Requirement

FTB OFFICE COMPLEX – SACRAMENTO



On the busiest day of October 2024, 2,717 employees worked in the office.

4,153 workstations were empty.

Entities we did not review occupy 66,698 square feet or 4% of total office space.

Total square feet:	1,815,618
Square feet allocated for office space:	1,563,475

DEPARTMENT REVIEWED

Franchise Tax Board (FTB)

Square feet: 1,496,777

Employees: 5,874

SPACE SAVINGS POTENTIAL

By teleworking more often and expanding desk sharing, FTB could reduce the number of workstations used.

Current number of workstations: 6,738

Workstation needs if fully remote: 2,233 (57% fewer)

Hybrid 2 days/week in office: 3,143 (43% fewer)

Hybrid 4 days/week in office: 5,874

The State could reduce number of workstations by 3%, accounting for future workforce growth

COSTS

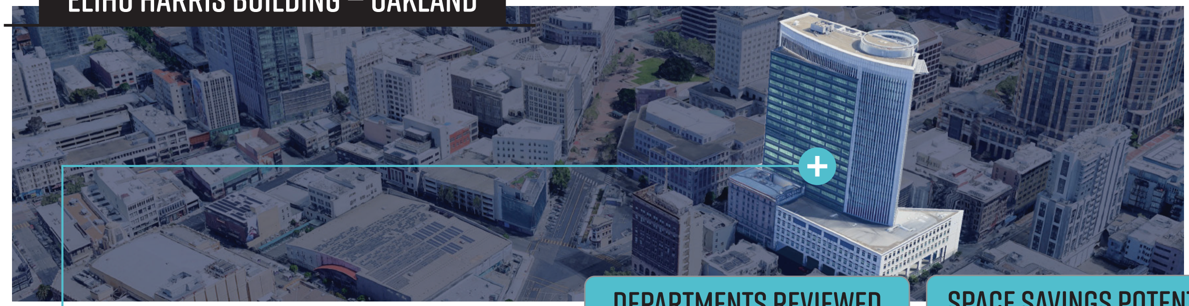
Fiscal Year	*Operations and Maintenance Staff*	*Building Supplies and Commodities*	*Recurring Maintenance and Repairs*	*Equipment*	*Utilities*	*Bond Payments*	*Total*
2021–22	$7,016,000	$962,000	$774,000	$71,000	$2,896,000	$15,605,000	$27,322,000
2022–23	$7,103,000	$922,000	$936,000	$74,000	$3,558,000	$15,600,000	$28,193,000
2023–24	$7,541,000	$970,000	$783,000	$27,000	$3,284,000	$15,600,000	$28,205,000

Source: DGS and FTB data.

Figure D4

About 43 Percent of Workstations in the Elihu Harris Building Are Typically Empty on the Busiest Day Under a Two Day Per Week In-Office Requirement

ELIHU HARRIS BUILDING – OAKLAND



Around 600 employees from the entities we reviewed tended to work in the office on the busiest day of a typical week.*

Around 500 workstations were empty even on the busiest day.

Entities we did not review occupy 235,469 square feet or 43% of total office space.

Total square feet: 879,983

Square feet allocated for office space: 542,847

DEPARTMENTS REVIEWED

Department of Industrial Relations (DIR)
Square feet: 182,655
Employees: 640

Department of General Services (DGS)
Square feet: 62,592
Employees: 89

Department of Social Services (CDSS)
Square feet: 62,131
Employees: 194

Total employees: 923

SPACE SAVINGS POTENTIAL

By teleworking more often and expanding desk sharing, DIR, DGS, and CDSS could reduce the number of workstations used.

Current number of workstations:
1,118

Workstation needs if fully remote:
425 (52% fewer)

Hybrid 2 days/week in office:
545 (41% fewer)

Hybrid 4 days/week in office:
923

The State could reduce number of workstations by 7%, accounting for future workforce growth

COSTS

Fiscal Year	*Operations and Maintenance Staff*	*Building Supplies and Commodities*	*Recurring Maintenance and Repairs*	*Equipment*	*Utilities*	*Bond Payments*†	*Total*
2021–22	$1,955,000	$173,000	$3,020,000	$5,000	$1,895,000	$9,962,000	$17,011,000
2022–23	$1,800,000	$238,000	$3,831,000	$49,000	$2,239,000	$9,963,000	$18,120,000
2023–24	$1,647,000	$226,000	$4,453,000	$6,000	$2,585,000	$0	$8,918,000

Source: DGS, DIR, and CDSS data.

* Data collected from the different departments varied by time period, but all were taken while the two-days per week in-office requirement was in effect, between January and March 2025.

† The State made its last bond payment for this property in December 2022.

Figure D5
About 57 Percent of Workstations in the Ronald M. George State Office Complex Are Typically Empty on the Busiest Day Under a Two Day Per Week In-Office Requirement

RONALD M. GEORGE STATE OFFICE COMPLEX – SAN FRANCISCO

Around 700 employees from the entities we reviewed tended to work in the office on the busiest day of a typical week.*

Around 900 workstations were empty even on the busiest day.

Entities we did not review occupy 248,896 square feet or 33% of total office space.

Total square feet: 1,081,890

Square feet allocated for office space: 744,547

DEPARTMENTS REVIEWED

Judicial Council of California (JCC)
Square feet: 171,321
Employees: 421

Department of Justice (DOJ)
Square feet: 158,789
Employees: 364

First District Court of Appeal (1st DCA)
Square feet: 82,868
Employees: 112

Department of Industrial Relations (DIR)
Square feet: 82,673
Employees: 183

Total employees: 1,080

SPACE SAVINGS POTENTIAL

By teleworking more often and expanding desk sharing, JCC, DOJ, 1st DCA, and DIR could reduce the number of workstations used.

Current number of workstations: 1,600

Workstation needs if fully remote: 416 (64% fewer)

Hybrid 2 days/week in office: 579 (54% fewer)

Hybrid 4 days/week in office: 1,080

The State could reduce number of workstations by 23%, accounting for future workforce growth

COSTS

Fiscal Year	*Operations and Maintenance Staff*	*Building Supplies and Commodities*	*Recurring Maintenance and Repairs*	*Equipment*	*Utilities*	*Bond Payments*†	*Total*
2021–22	$2,056,000	$334,000	$4,978,000	$4,000	$1,595,000	$19,830,000	$28,798,000
2022–23	$2,321,000	$373,000	$7,313,000	$19,000	$1,428,000	$0	$11,453,000
2023–24	$2,436,000	$206,000	$6,440,000	$16,000	$1,659,000	$0	$10,757,000

Source: DGS, JCC, DOJ, 1st DCA, and DIR data.

* Data collected from the different departments varied by time period, but all were taken while the two-days per week in-office requirement was in effect, between January and February 2025.

† The State made its last bond payment for this property in December 2021.

Figure D6

About 57 Percent of Workstations in the May Lee State Office Complex Are Typically Empty on the Busiest Day Under a Two Day Per Week In-Office Requirement

MAY LEE STATE OFFICE COMPLEX – SACRAMENTO

Around 1,400 CDTFA and HCD employees tended to work in person on the busiest day of a typical week in February 2025.

Around 1,900 workstations were empty even on the busiest day.

Entities we did not review occupy 446,181 square feet or 36% of total office space.†

Total square feet: 1,383,885

Square feet allocated for office space: 1,244,623

DEPARTMENTS REVIEWED

California Department of Tax and Fee Administration (CDTFA)
Square feet: 572,673
Employees: 2,037

Department of Housing and Community Development (HCD)
Square feet: 225,760
Employees: 958

Total employees: 2,995

SPACE SAVINGS POTENTIAL

By teleworking more often and expanding desk sharing, CDTFA and HCD could reduce the number of workstations used.

Current number of workstations:
3,352

Workstation needs if fully remote:
1,015 (60% fewer)

Hybrid 2 days/week in office:
1,509 (45% fewer)

Hybrid 4 days/week in office:
2,995

The State could reduce workstations by 1%, accounting for future workforce growth.

COSTS

Fiscal Year	*Operations and Maintenance Staff*	*Building Supplies and Commodities*	*Recurring Maintenance and Repairs*	*Equipment*	*Utilities*	*Bond Payments**	*Total*
2021–22	$4,000	$0	$0	$0	$0	$0	$4,000
2022–23	$20,000	$0	$0	$0	$0	$0	$20,000
2023–24	$556,000	$426,000	$1,047,000	$509,000	$107,000	$0	$2,646,000

Source: DGS, HCD, and CDTFA data.

* The State did not issue bond payments for this property until the 2024–25 fiscal year when it paid out $57.3 million to bondholders.

† This figure includes 141,454 square feet of office space that was vacant as of June 30, 2025.

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Appendix E

Scope and Methodology

The Audit Committee directed our office to conduct an audit of DGS, CalHR, and four other auditor-selected entities regarding the State's telework policies. Table E lists the objectives that the Audit Committee approved and the methods we used to address them. Unless otherwise stated in the table or elsewhere in the report, statements and conclusions about items selected for review should not be projected to the population.

Table E
Audit Objectives and the Methods Used to Address Them

	AUDIT OBJECTIVE	METHOD
1	Review and evaluate the laws, rules, and regulations significant to the audit objectives.	Reviewed relevant state laws, rules, and regulations applicable to teleworking.
2	Evaluate how widely and consistently telework policies are used by state agencies, departments, offices, programs, bureaus, councils, boards, and commissions.	• Conducted an online survey that asked departments to provide information about their telework policies and their development. • Evaluated the survey results to determine how widely and consistently departments are participating in telework programs. Based on this analysis and our review of department policies, we determined that departments are widely using telework policies and consistently managing their telework programs. • Analyzed the survey results to identify trends among departments with respect to productivity, costs, employee retention and recruitment, and customer service. • Reviewed results of different confidential surveys about telework that DGS conducted in October 2022 and April 2023. • Obtained a random selection of 30 department telework policies from DGS and compared seven policies to the statewide telework policy to determine whether the departments' policies complied with its requirements. We terminated our review after seven policies because we did not identify significant exceptions among the policies. • Analyzed DGS's review process for ensuring that state departments' telework policies aligned with the statewide policy.

continued on next page . . .

AUDIT OBJECTIVE	METHOD
3 For DGS, CalHR, and a selection of up to four other state departments, determine the rationale for changes to the departments' telework policies and consider the following factors: a. Assess the role and technical assistance provided by DGS and CalHR in implementing and changing the telework policy over time. b. To the extent possible, assess how each department's decision was made, including determining whether any productivity measurements and customer satisfaction survey information were used. c. The extent to which any challenges or issues departments faced in administering telework policies were considered, including whether and how the departments have addressed these challenges or issues.	• Selected CalPERS, Caltrans, CARB, and FTB for review, considering factors including department size, employee telework eligibility, and the timing of telework policy changes. • Interviewed DGS staff and obtained documentation to determine the role that the department fulfilled in developing the statewide telework policy. • Interviewed CalHR staff and reviewed documentation to determine the role that CalHR fulfilled in developing the statewide telework policy. • Identified and assessed the role that DGS and CalHR served in providing technical assistance to the selected departments for revising their telework policies to align with the statewide policy. • Assessed how the six departments supported changes to their telework policies, such as with information or analyses. • Interviewed the six departments to understand any challenges they may have experienced when implementing their telework policies and categorized these challenges to identify trends. • Conducted a targeted telework survey that asked managers, supervisors, and staff at selected divisions in the four selected departments—CalPERS, Caltrans, CARB, and FTB—to answer questions about their telework experiences, telework outcomes, and their perspective on telework policy changes. • Analyzed the survey results to identify trends among employees with respect to productivity, job satisfaction, customer service, and employee perspectives on telework and return-to-office mandates.
4 Determine whether DGS and CalHR performed cost-benefit analysis of changing telework policies for both State operations and state employees. In reviewing these analyses, if any, assess whether they considered potential effects on the following areas: a. Vehicle mileage, operational costs, emissions, and commute time. b. Housing costs. c. Worker productivity, including reviewing the impact on sick and vacation leave used by state employees, and related costs or savings. d. Training efforts, team building, and responsiveness. e. Labor market competition and retention. f. The State's ability to achieve net-zero emissions of greenhouse gases in accordance with state law.	• Interviewed DGS and CalHR to determine whether they performed cost-benefit analyses of changing the statewide telework policy. Identified and reviewed any data or information related to the factors listed in the objective that DGS or CalHR collected. • Interviewed the six departments to determine whether they performed cost-benefit analyses of changing their internal telework policies or practices. Identified and reviewed any information or data that related to the factors listed in the objective that the departments collected, along with any surveys, studies, or data the departments collected to analyze their telework practices or inform changes to their internal telework policies.

	AUDIT OBJECTIVE	METHOD
5	To the extent possible, review the costs to DGS of maintaining or leasing its current office space for state employees, and determine the following: a. Whether DGS could achieve savings in these costs by reducing the office space it maintains or leases for teleworking state employees. b. Whether those potential savings would be reduced by utilizing a hybrid in-office and telework approach for state employees.	• Obtained cost data from DGS for seven of the largest state-owned office buildings. • Obtained documentation and data from departments in the seven largest state-owned office buildings on employee headcount, telework eligibility, employee telework schedules, employee attendance data, and workstation counts, among other items. Using this information, estimated the maximum utilization rate for workstations for each department in the selected buildings on the busiest day of a typical week. • Using formulas developed by Oregon's state government, calculated approximate workstation needs for each department under different telework scenarios. Using these results to determine potential reductions in workstations, estimated potential cost savings to the State under different telework scenarios. • Analyzed DGS's approach to managing its real estate portfolio by interviewing DGS personnel and reviewing relevant documentation.
6	Determine the usefulness of the prior Telework Compliance Unit and whether there is an alternative structure for overseeing the State's telework policy.	• Interviewed DGS's former telework program unit staff and gained their perspective on the usefulness of the unit. Evaluated the data the unit collected and other documentation associated with its responsibilities. • Interviewed staff from SPB to review its role in telework policy compliance and assessed whether the canceled MOU between DGS and SPB for SPB to monitor telework compliance to determine whether this would be an appropriate structure for overseeing the State's telework programs. • Reviewed four comparable government entities outside California to assess whether their models for overseeing telework contained any best practices. We did not identify any best practices within the policies of the other entities.
7	Review and assess any other issues that are significant to the audit.	• Using publicly available data, developed profiles for hypothetical state workers to illustrate the impacts of different levels of telework on employee costs. • Developed interview questions for the Office of the Governor related to the rationale used to support the decisions to direct state departments to require employees to be in the office a minimum of two days per week and later four days per week.

Source: Audit workpapers.

Assessment of Data Reliability

The U.S. Government Accountability Office, whose standards we are statutorily obligated to follow, requires us to assess the sufficiency and appropriateness of computer-processed information we use to support our findings, conclusions, or recommendations.

In performing this audit, we relied on electronic data files that we obtained from DGS, including expense reports generated from Fi$Cal. We used the data to determine the total cost of ownership to the State for the seven selected state-owned office properties. To assess the reliability of these data, we verified that the reports contained logical entries, interviewed knowledgeable staff about the reports, performed data verification, and traced the individual expenses in the reports to the total spending. We identified very few inconsistencies in the data. Our analysis showed that the data DGS provided is sufficiently reliable for our purposes, and we found that there is sufficient evidence in total to support our audit findings, conclusions, and recommendations.

MEMORANDUM

Date: July 14, 2025

To: Grant Parks, California State Auditor
California State Auditor
621 Capitol Mall, Suite 1200
Sacramento, CA 95814

From: **Ana Lasso, Director**
Department of General Services

Subject: **RESPONSE TO CALIFORNIA STATE AUDITOR'S REPORT NO. 2024-118**

Thank you for the opportunity to respond to the California State Auditor's (CSA's) Report No. 2024-118, State Telework Policies, addressing in part Executive Order N-22-25 which requires specified agencies to implement a hybrid telework policy with a default minimum of four in-person days per work week to strengthen collaboration, drive innovation, and improve accountability, ultimately delivering better results for the Californians we serve. The following response addresses CSA's recommendation to the Department of General Services (DGS) resulting from its audit.

RECOMMENDATION

RECOMMENDATION: ***To facilitate departments in measuring whether their telework programs benefit the State and its employees, DGS should update the statewide telework policy to provide guidance for departments to follow when evaluating their telework programs' effectiveness in meeting the goals of the statewide telework policy.***

DGS RESPONSE:

DGS has reviewed the findings, conclusions and recommendation presented in Report No. 2024-118. DGS will take appropriate action to the extent possible to implement the recommendation and collaborate with those departments that have expertise in the areas of performance management measures. As noted in the audit, DGS lacks funding to conduct oversight of telework programs.

CONCLUSION

DGS will endeavor to coordinate appropriate action to address issues presented in the report.

If you need further information or assistance on this issue, please contact me at (916) 376-5012.

Ana Lasso

Ana Lasso
Director